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# HANDBOOK

on Major Regional Cooperatives Handling  
Farm Production Supplies, 1960 and 1961

FARMER COOPERATIVE SERVICE



U.S. DEPARTMENT OF AGRICULTURE

FARMER COOPERATIVE SERVICE  
U. S. DEPARTMENT OF AGRICULTURE  
WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives, and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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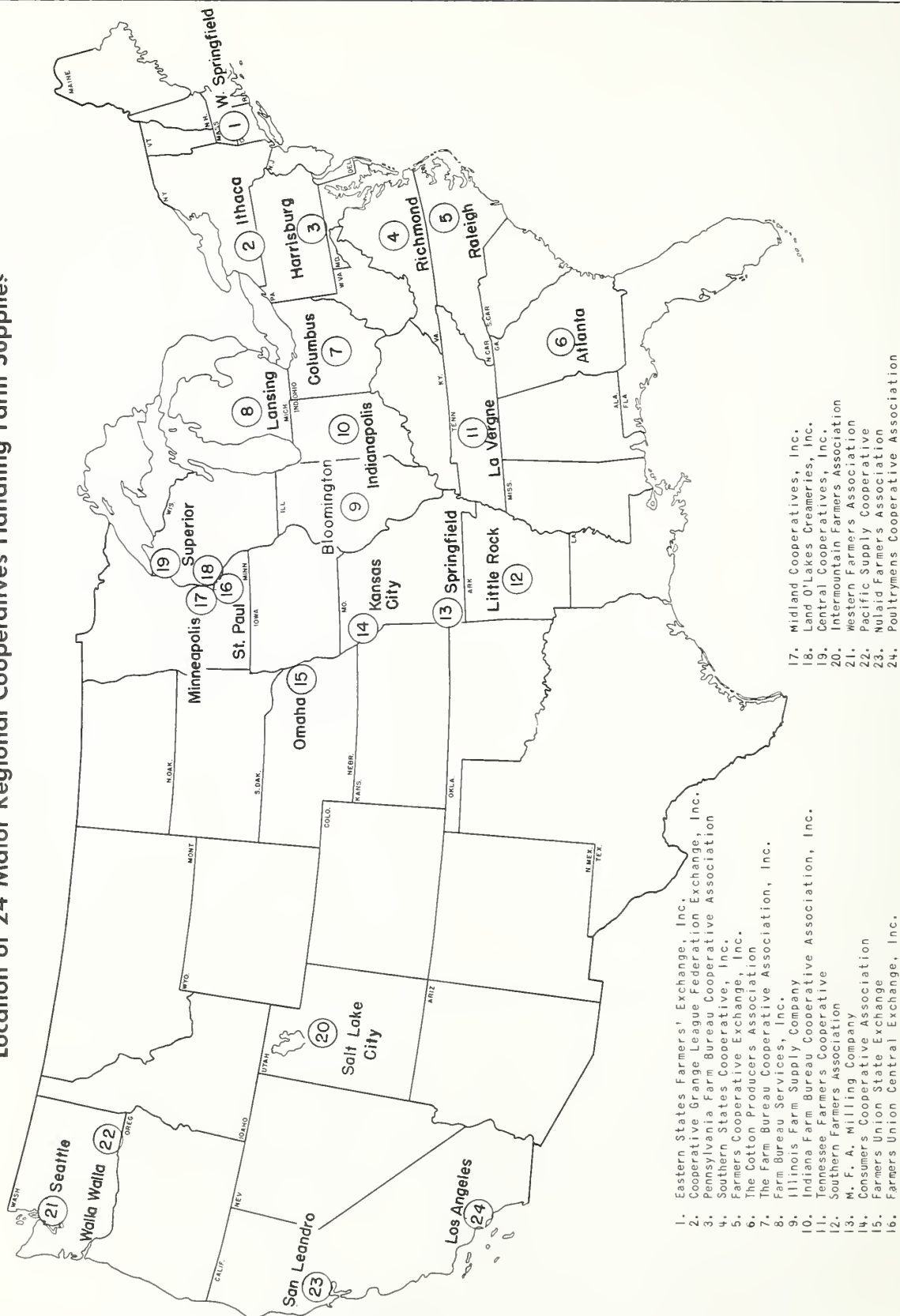
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Figure 1

# Location of 24 Major Regional Cooperatives Handling Farm Supplies





# Handbook on Major Regional Cooperatives Handling Farm Production Supplies, 1960 and 1961

By J. Warren Mather  
Purchasing Division  
Farm Supplies Branch

At the outset of World War II, officials of several regional cooperatives indicated the need for a publication that would point out to Federal and State agencies the importance of agricultural cooperatives in providing farmers with essential production supplies and equipment. As a result, publication of this Handbook was begun with information voluntarily supplied by 17 of the major regional farm supply associations in the United States.

Handbooks were continued on an annual basis through 1957. Since then biannual issues contain 2 years of current data for each association. The Handbooks present highlights on the organizational structure, membership, services, volume, facilities, financial condition, and net savings of the cooperatives. Farm leaders, educational institutions, government agencies, and others use them to better understand the operations, trends, and progress of cooperatives handling farm production supplies and benefits farmers derive from these associations.

The individual cooperatives included in this Handbook provided the information presented and authorized its publication.

A "regional association" in this report refers to one that wholesales supplies to local retail cooperatives, or one that directly retails supplies to farmers over an area comprising a part of a State, an entire State, or several States. In either case, the regional may manufacture some of the supplies it distributes. "Farm production supplies" include feed, seed, fertilizer, petroleum, and all other types of supplies and equipment used in farm production.

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Note: The author expresses appreciation to Ella S. Wells and others in the Statistical Unit, Administrative Management Division, for tabulating and analyzing data contained in this report.

Part I of this Handbook gives detailed information on each of 21 major regional cooperatives handling farm production supplies in the United States for their fiscal years ended in 1960 and 1961. Their location is shown in figure 1, page iv.

With two exceptions, each association handled more than \$10 million of farm supplies annually. 1/

The associations appear in this report in the order of their total wholesale supply business, (except where all sales were at retail) for 1961. There was wide variation among them in forms of organization, methods of operation, and accounting and reporting practices. However, information presented on sales, net margins, facilities, and financial condition is quite comparable.

Seventeen of the 21 cooperatives performed wholesale services for retail cooperatives and other outlets of various types. The other four associations distributed all supplies direct to individual patrons. Five of the former group, however, did both wholesale and retail business. Eleven of the 21 associations also marketed farm products. In two of them, marketing dollar volume equaled or exceeded farm production supply volume.

Part II contains the value of farm production supply business and net margins on these operations by three predominantly regional marketing cooperatives. Each did more than \$6.5 million of farm supply business in 1961. A few other major regional marketing cooperatives also perform extensive farm production supply services as a sideline activity.

Part III consolidates information on the two groups of associations for 1960 and 1961.

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1/ Not included in this Handbook are approximately eight other major regional cooperatives and six federations of regionals (area or national cooperatives), each doing more than \$10 million of farm production supply business annually.

# PART I

## Association Reports for 21 Major Regional Cooperatives

Principal items covered for each of the 21 associations are as follows: Age of the association, area of service, type and number of retail outlets, number of patrons served, membership requirements, voting provisions, number and terms of directors, number of employees, fiscal year ending, dollar volume of business, types of supplies handled, distribution of net margins, <sup>2/</sup> revolving capital, total cash distributions to patrons, financial condition, net worth, and fixed assets of the associations for 1960 and 1961. In addition, 13 of the associations reported their total net margins and distributions since the dates they had organized.

### Consumers Cooperative Association

Consumers Cooperative Association, known as CCA, with headquarters in Kansas City, Mo., was organized in 1929. As of August 31, 1961, CCA was serving 1,704 local and regional member associations. The locals are located in Colorado, Iowa, Kansas, Missouri, Nebraska, South Dakota, Oklahoma, and Wyoming, and in parts of Arkansas, North Dakota, and Texas.

CCA has management or supervision agreements with 59 local cooperatives, and through a subsidiary it supplies products at 18 branches, principally in Missouri.

Membership in CCA is limited to cooperatives and is obtained by acquiring one \$25 share of common stock and by agreeing to the provisions of the bylaws. Each member association has only one vote. CCA has 22 directors elected by districts for staggered terms of 3 years.

As a supply source for local farmers' cooperatives, CCA manufactures and distributes petroleum products, fertilizer, feed, and other farm supplies. CCA produces refined fuels and lube oils for members through its wholly-owned subsidiary, The Cooperative Refinery Association (CRA), with headquarters at Kansas City, Mo.; fertilizers through its majority-owned subsidiaries, The Cooperative Farm Chemicals Association (CFCA) at Lawrence, Kans., and Farmers Chemical Company (FCC) at Joplin, Mo.; and

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<sup>2/</sup> "Net margins" is used by some of the cooperatives and "net savings" by others in this report.

soybean meal through its majority-owned subsidiary, the Cooperative Processing Association (CPA), at Van Buren, Ark. In December 1960, CCA organized a wholly-owned subsidiary, Cracca Libya, Inc., primarily for exploration, discovery and production of crude oil in the Kingdom of Libya. CCA also engages directly in mixing fertilizer, in processing feed, in producing grease and paint, and in fabricating steel products for its membership.

As a service for its local cooperative member associations, CCA operates two wholly-owned subsidiaries: The Cooperative Finance Association, Inc., to supplement the available sources of credit of CCA's members; and the Consumers Insurance Agency, Inc., to provide insurance services for member locals. CCA provides swine marketing services for farmers through its subsidiary, Farmbest, Inc., which operates a hog slaughtering plant at Denison, Iowa. CCA intends to relinquish control of this subsidiary, with the final objective for farmers and local cooperatives to own 60 percent of the common stock. In addition, a controlled but minority-owned subsidiary, the Consumers Cooperative Services, Inc., operates as a retail cooperative, principally in Missouri.

The above group of subsidiaries has not been included in the consolidated financial statements because their activities are not similar to those of CCA and its subsidiaries, (CRA, Cracca, CFCA, FCC, and CPA).

A consolidated summary of sales by CCA and its subsidiaries, (CRA, Cracca, CFCA, FCC, and CPA) for the fiscal years ended August 31, 1960, and 1961, follows:

Commodities	: 1960	: 1961
Petroleum products	\$95,213,749	\$101,037,776
Fertilizer	31,649,022	40,215,882
Petroleum and fertilizer		
plant equipment	1,751,111	1,924,355
Feed	16,097,578	21,751,716
Lumber, paint, and		
building supplies	5,287,542	7,706,001
Farm equipment	2,970,976	3,570,531
Tires, tubes, and auto		
accessories	9,443,091	10,136,280
Insecticides	2,564,931	3,558,389
Appliances and housewares	968,781	895,137
Miscellaneous	<u>2,058,742</u>	<u>2,879,645</u>
Total	168,005,523	193,675,712



Total consolidated net margins distributed to patrons in 1959-60 and 1960-61 by CCA and these subsidiaries were:

Distribution of net margins	: 1960	: 1961
Cash dividends on stock	\$1,103,008	\$1,288,947
Patronage refunds:		
Cash	1,301,925	2,399,400
Capital stock and revolving funds	4,913,703	9,285,729
Additions to surplus	<u>271,416</u>	<u>135,226</u>
Total	7,590,052	13,109,302

Cash payments to retire deferred refunds amounted to \$1,318,008 in 1959-60 and to \$3,510,777 in 1960-61. With the redemption of all outstanding revolving capital certificates (such certificates being issued through 1959) and preferred stock issued in refund payments through 71 percent of 1955, the association has now retired refunds equivalent to all deferred refunds through 1956. Total cash distributed to patrons, exclusive of interest on certificates of indebtedness, amounted to \$2,619,933 in the 1959-60 fiscal year and to \$5,910,177 in the 1960-61 fiscal year.

Consolidated balance sheets of CCA and its subsidiaries (CRA, Cracca, CFCA, FCC, and CPA) for the fiscal years ended August 31, 1960 and 1961, were:

Item	: 1960	: 1961
Assets:		
Current assets	\$33,759,431	\$41,902,806
Fixed assets (net)	70,699,538	77,264,403
Other assets	<u>16,909,706</u>	<u>19,318,846</u>
Total	121,368,675	138,486,055
Liabilities and net worth:		
Current liabilities	28,487,603	33,223,753
Other liabilities	33,830,850	37,968,922
Net worth	<u>59,050,222</u>	<u>67,293,380</u>
Total	121,368,675	138,486,055

The combined net worth or member and patrons' equities of CCA and these subsidiaries on August 31, 1961, consisted of the following items:

Item	: Amount
Preferred shares	\$33,880,832
Common shares	6,071,450
Shares--part paid	42,222
Patrons' equity reserve	3,478,851
Patronage refund deferred-- current year	9,285,729
Surplus	<u>14,534,296</u>
Total	67,293,380

Principal facilities (land, buildings, and equipment, by plants) owned and operated by CCA and its subsidiaries (CRA, Cracca, CFCA, FCC, and CPA) on August 31, 1961, were:

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
Refining and oil production:			
Refineries	3	\$25,168,708	\$12,958,013
Crude oil:			
Facilities	-	14,145,997	7,839,808
Oil reserves (leaseholds)	-	20,448,218	7,841,921
Pipe lines (miles)	910	<u>5,139,579</u>	<u>2,868,607</u>
Total		64,902,502	31,508,349
Fertilizer production:			
Nitrogen fertilizer plants <u>1</u> /	2	36,984,093	28,506,496
Ammonium phosphate plant	1	5,343,584	4,227,122
Mixing plants	16	<u>2,670,006</u>	<u>1,684,998</u>
Total		44,997,683	34,418,616
Feed production	7	4,232,429	3,716,512
Other manufacturing	5	995,241	771,435

(Tabulation continued on next page)



(Continued)

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
Distribution and transportation:			
Warehouses and terminals <u>2/</u>	-	\$2,016,262	\$1,603,206
Highway transports	116	2,569,176	1,704,409
Retail facilities <u>3/</u>	23	<u>1,742,438</u>	<u>1,548,188</u>
Total		6,327,876	4,855,803
Education	1	695,913	695,867
Research	4	678,616	579,769
Headquarters and other	-	<u>1,348,794</u>	<u>718,052</u>
Total fixed facilities		124,179,054	77,264,403

1/ Includes nitrogen plant at Hastings, Nebraska, under construction. It began operations in February 1962.

2/ Warehouses at 9 locations; terminals at 10 locations.

3/ Three leased to local cooperatives and 20 leased to CCA's subsidiary, CCS.

CCA and these subsidiaries also had invested \$17,007,215 in other federations of regional cooperatives, which operate various manufacturing and wholesale facilities. These investments are included in "other assets" on the consolidated balance sheet.

CCA and these subsidiaries had 2,480 employees on August 31, 1961. This included 556 employees engaged in general administrative activities, 704 in oil production and refining, 607 in manufacturing plants (other than refining), and 613 in wholesale distribution, including transportation terminals and warehouses.

### Cooperative Grange League Federation Exchange, Inc.

Cooperative Grange League Federation Exchange, Inc., commonly known as the GLF was organized June 28, 1920. It serves farmers in New York, New Jersey, and the northern tier of counties in Pennsylvania--a territory comprising most of the "New York Milkshed." Its administrative offices are in Ithaca, N. Y.

GLF is a centralized cooperative in which farmers hold direct membership. Any farmer-patron with a bona fide farm operation may become a member by acquiring one \$5 share of common stock and agreeing to the provisions of the bylaws. Each member has one vote.

GLF's board of 14 directors is responsible directly to its farmer-members. Ten of the directors are nominated by districts, 2 by the New York State Grange, and 2 by the New York Farm Bureau. They serve 2-year terms on a staggered basis.

Since it performs manufacturing, processing, wholesaling, transportation, insurance, and retailing services, GLF is an integrated organization. At the end of the fiscal year, June 30, 1961, GLF was providing these services for about 121,000 regular farmer-patrons and 88,000 nonfarmer patrons. Farmers qualifying as stockholder members of GLF numbered about 117,000. From 80 to 90 percent of its supply purchasing business was with farmer-patrons.

On June 30, 1961, GLF was providing supplies and related services to its patrons through the following types of retail outlets:

Retail outlets	: Number
GLF retail service stores (including 20 branches)	241
GLF petroleum cooperatives <u>1/</u>	66
GLF agent buyers	244
Independent local cooperatives	36
Supplementary agents	7
Farmer agents	<u>4</u>
Total	598

1/ Includes one branch.

The retail service stores are cooperative corporations managed by GLF. They distribute farm supplies and in some cases market farm products for patrons. The Exchange holds in trust for the local members all common stock of the retail service stores. Local farmers own the preferred stock.

Each store holds annual meetings, at which time member committees are elected. The member committee has many of the powers of a local board of directors. Many of these stores are financed centrally, and some are financed directly through the Baltimore and Springfield Banks for Cooperatives. The headquarters office of GLF supervises them under management contracts that may be canceled at any time by the service stores.

GLF petroleum cooperatives are organized in a similar way, but they are located so as to perform a specialized petroleum service for patrons over wider areas.

Between 60 and 65 percent of GLF's wholesale volume is distributed through these service stores and petroleum cooperatives.

Agent-buyers are independent business operators or dealers who have been granted franchises to handle GLF commodities in accordance with association policies. The independent local cooperatives are locally controlled farmer cooperatives handling GLF farm supplies on the same basis as agent-buyers. In many cases they primarily are local marketing associations with purchasing as an additional service. Supplementary agents are merchants, or others, who handle certain GLF products such as fertilizer or seed, but not the complete line.

Approximately 35 to 40 percent of GLF's wholesale volume is distributed through agent-buyers, independent local cooperatives, and supplementary agents.

Under the same wholesale terms, these various types of retail outlets obtain supplies for redistribution through the manufacturing and processing plants and warehouses that GLF maintains at Buffalo, Albany, and other strategically located centers.

Wholesale value of supplies distributed by GLF for the fiscal years ended June 30, 1960 and 1961, was:

Commodities	: 1960	: 1961
Feed, grain, flour, and cereals	\$82,371,737	\$85,970,607
Fertilizer and lime (including shells and bedding)	17,487,086	17,483,135
Petroleum products	19,204,324	20,106,827
Tires, tubes, and auto supplies	3,034,965	3,114,503
Seed and seed potatoes	7,581,723	6,623,145
Hardware (tools)	560,932	643,035
Refrigeration equipment	2,505,198	1,571,438
Farm equipment and parts	4,622,546	4,852,537
Steel and other metal products	4,099,315	3,941,797
Building material, paint, and roofing	2,539,052	2,641,658
Insecticides, sprays, and farm chemicals	4,110,534	4,170,445
Containers and package materials	463,727	514,611
Rope and twine	969,095	1,282,963
Lawn and garden equipment	2,940,764	3,695,698
Miscellaneous	65,970	92,765
Total	152,556,968	156,705,164

Value of supplies obtained at retail by farmers through GLF-managed retail outlets for the fiscal years ended June 30, 1960 and 1961, was:

Type of retail service	: 1960	: 1961
GLF retail service stores	\$109,394,949	\$112,280,885
GLF petroleum cooperatives	<u>27,863,444</u>	<u>29,417,656</u>
Total	137,258,393	141,698,541
Services for patrons, such as grinding and mixing, were valued at	5,670,443	5,928,256

In some areas, GLF also provides cooperative marketing services--principally for eggs, grain, and beans. Marketing is conducted mainly through retail service stores, with some separate facilities maintained for eggs and beans. The following types of marketing facilities were maintained on June 30, 1961:

Marketing facilities	: Number
Grain elevator	1
Bean plants	2
Egg receiving and sales agencies	8
Terminal sales agency for beans and grain	1
Cold storage plant	1

The value of farm products marketed by GLF and its service stores for the years ended June 30, 1960 and 1961, was:

Commodities	: 1960	: 1961
Eggs	\$10,240,482	\$9,532,805
Fruits and vegetables (including potatoes)	1,077,532	1,032,603
Grain	5,108,601	4,273,229
Beans	4,203,325	3,758,532
Poultry	1,048,327	3,474,669
Onions	78,286	0
Miscellaneous	<u>662,561</u>	<u>464,476</u>
Total	22,419,114	22,536,314

In addition, in 1960 patrons purchased through these marketing units, egg cases, seed, containers, fertilizer, sprays, storage, and other services valued at \$749,907.

Net margins of the combined GLF system and their distribution for the fiscal years ended June 30, 1960 and 1961, were as follows:

Distribution of net margins :	1960	: 1961
Federal income taxes	\$3,018,964	\$2,229,348
Cash dividends on capital stock	2,106,729	2,309,016
Patronage refunds--in cash	966,454	1,081,607
Patronage refunds--in revolving fund certificates	0	2,289,227
Additions to retained margins (capital reserves)	<u>2,171,035</u>	<u>1,104,318</u>
Total	8,263,182	9,013,516

Of these total net margins, before taxes, approximately 64 percent in 1960 and 59 percent in 1961 were derived from manufacturing, wholesale purchasing, and regional marketing operations.

Patronage refunds in both 1960 and 1961 were declared by the local retail service stores, petroleum cooperatives, and marketing agencies. The bylaws of GLF permit the board of directors to set aside reasonable reserves before the payment of wholesale patronage refunds by the Exchange. It resumed distribution of such refunds in 1960-61 and paid them for the first time in the form of revolving fund certificates without interest and due dates.

Total net margins of the combined GLF system since organization in 1920 through June 30, 1961, have been \$155,617,160. Of this amount, GLF paid \$26,952,212 in cash dividends on capital stock, \$54,737,148 as cash patronage refunds, \$2,289,227 in revolving fund certificates, \$29,383,469 in Federal income taxes, and \$42,255,104 was added to the retained margins or "general reserve and surplus" account.



The financial condition of the combined GLF system, including whole-sale divisions, financing and insurance subsidiaries, retail service stores, petroleum cooperatives, and marketing associations as of June 30, 1960 and 1961, is shown in the following condensed balance sheet:

Item	: 1960	: 1961
Assets :		
Current assets	\$63,321,880	\$64,773,705
Fixed assets (net)	34,820,891	34,822,401
Other assets (investments)	<u>8,454,693</u>	<u>9,248,819</u>
Total	106,597,464	108,844,925
Liabilities and patrons' equities:		
Current liabilities	17,241,424	18,648,012
Other liabilities	11,504,119	7,815,961
Capital stock and patrons' equities	<u>77,851,921</u>	<u>82,380,952</u>
Total	106,597,464	108,844,925

The net worth or member and patron equities of the system on June 30, 1961, consisted of the following items:

Item	: Amount
Capital stock--preferred	\$20,648,735
Capital stock--common	17,739,415
Revolving fund certificates	2,289,227
Retained margins	41,213,223
Undistributed margins	<u>490,352</u>
Total	82,380,952

None of the common and preferred stock represented retained patronage refunds as 100 percent had been sold to members and others.



The following tabulation shows the number and value of the principal facilities (buildings and equipment, by plants) owned and operated by GLF and its affiliated service stores and petroleum and marketing co-operatives on June 30, 1961:

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
GLF wholesale, manufacturing, and regional marketing:			
Land	-	\$1,230,390	\$1,230,390
Feed mills	4	11,447,560	6,790,203
Fertilizer and insecticide plants	13	6,423,977	3,016,036
Seed cleaning plants	6	1,757,599	1,068,779
Farm supply warehouses	8	1,334,323	670,278
Petroleum bulk storage terminals	11	2,452,760	1,574,398
Marketing warehouse, storage, and processing plants	11	1,790,161	1,032,203
Office buildings and equipment	-	2,867,571	1,574,654
Flour and cereal mills and elevators	2	407,574	233,848
Radio network	-	-	-
Other facilities	-	<u>913,592</u>	<u>576,767</u>
Subtotal		30,625,507	17,767,556
GLF retail and local marketing:			
Land	-	825,872	825,872
Retail service stores	241	25,306,125	13,423,345
Bulk petroleum plants	66	6,671,791	2,764,115
Freezer-locker plants	-	-	-
Marketing warehouse, storage and processing units	1	<u>57,187</u>	<u>41,513</u>
Subtotal		<u>32,860,975</u>	<u>17,054,845</u>
Total		63,486,482	34,822,401

GLF on June 30, 1961, also had \$4,585,460 invested in federations of regional cooperatives and allied companies which operated various manufacturing and wholesaling facilities.

On June 30, 1961, the GLF system had 4,748 employees. Of these, 247 were in general administrative activities, 760 in wholesale distribution, 739 in manufacturing and processing operations, 2,723 in retail distribution, and 279 in marketing farm products. These figures do not include retail employees of independent cooperatives and agent-buyers who may spend most of their time in distributing GLF farm supplies. The figures for the operating groups performing retail, wholesale, and manufacturing service include administrative, accounting, and clerical employees.

### Southern States Cooperative, Inc.

Southern States Cooperative, Inc., referred to as SSC, Richmond, Va., was organized on July 21, 1923, as the Virginia Seed Service. When its charter was amended in 1930, it became the first purchasing cooperative chartered under the Virginia Cooperative Marketing Act. The present name was adopted in 1933.

At the end of its operating year on June 30, 1961, it was furnishing supplies through local cooperatives, service agencies, and farmer agents to 412,532 members in Virginia, West Virginia, Kentucky, Maryland, and Delaware. The number of nonfarmers served was estimated at 29,500. Approximately 97 percent of its production supply or purchasing business was with farmer patrons.

SSC is both a centralized and a federated cooperative with both cooperatives and farmers directly holding membership in it, but in practice it operates on a federated basis. Either a farmer-patron or an agricultural cooperative becomes a member by acquiring one or more shares of \$1 par value common stock, which may be issued in payment of patronage refunds, and by agreeing to provisions of the bylaws. Each member has only one vote.

SSC had 169,485 direct farmer members on June 30, 1961. They were located in areas served by independent dealer-agents of SSC.

Members served by each dealer-agent elect an advisory board of six members to vote for and represent the group in all matters at the annual meeting of SSC, the same as directors of local member cooperatives do.

SSC has 16 directors of which 10 are elected by districts for staggered terms of 3 years. The other six are public directors appointed for 3-year terms on a staggered basis, one each by the director of Extension Service of the Land-Grant College in each of the six States in which SSC operates.

On June 30, 1961, SSC was providing supplies and related services to its patrons through the following types of retail outlets:

Retail outlets	:	Number
Local affiliated cooperatives:		
Farm supply stores with management contracts		130
Farm supply stores without management contracts		43
Petroleum service plants with management contracts		29
Egg marketing with management contracts		3
Service agencies (independently owned)		<u>446</u>
Total		651

Local affiliated cooperatives with management contracts are separately incorporated associations. Their boards of directors employ SSC to perform certain management, accounting, auditing, and financial services on a fee basis. It is through these farm supply and petroleum cooperatives that SSC distributes approximately 48 percent of its wholesale volume. Those associations without management contracts are independent cooperatives which use the association as a source of wholesale supplies.

Service agencies are independent retail farm supply dealers who have been awarded the SSC franchise upon recommendation of the local membership. Under the terms of this franchise, dealers handle the supplies under conditions agreed upon. Approximately 52 percent of the association's wholesale volume is distributed through these agencies and the farm supply cooperatives without management contracts.

Several subsidiary cooperatives conduct the feed and fertilizer manufacturing operations of SSC. This cooperative wholly owns some of these subsidiaries, but a number of wholesale cooperatives jointly own others and use them as a source of some or all of their feed and fertilizer requirements. An example is Cooperative Mills, Inc., Baltimore, Md.

Others participating in these subsidiaries are the Farmers Cooperative Exchange, Raleigh, N. C.; Pennsylvania Farm Bureau Cooperative Association, Harrisburg; The Farm Bureau Cooperative Association,

Columbus, Ohio; and The Cotton Producers Association, Atlanta, Ga. Ownership is in proportion to use or patronage and is annually adjusted to maintain ownership on that basis. Each of the participating cooperatives pays its exact share of operating expenses and, therefore, obtains manufacturing service at cost.

The value of supplies distributed at wholesale, including those manufactured for other regional cooperatives, for the fiscal years ended June 30, 1960 and 1961, was as follows:

Commodities	: 1960	: 1961
Feed	\$54,053,751	\$49,738,862
Fertilizer	16,111,393	15,859,822
Seed	6,651,180	6,094,210
Petroleum products and equipment	9,414,265	10,502,805
Auto accessories	2,473,859	2,630,580
Farm equipment and tools	3,017,794	3,003,560
Hardware and steel products	5,508,180	5,124,836
Paint and asphalt	1,131,640	1,038,930
Insecticides, sprays, and chemicals	2,854,286	2,970,505
Electrical equipment and appliances	1,373,089	908,356
Miscellaneous	<u>211,899</u>	<u>36,195</u>
Total	102,801,336	97,908,661

These volumes included supplies, mainly feed and fertilizer, manufactured for other regional cooperatives in the amount of \$8,217,094 in fiscal year 1960 and \$7,578,779 in fiscal year 1961.

Value of supplies distributed at retail outlets managed by SSC amounted to \$70,468,216 in fiscal year 1960 and \$74,307,585 in fiscal year 1961.

SSC has marketing services for several farm products produced by members. On June 30, 1961, the association operated 3 terminal egg

sales agencies, 5 terminal grain marketing services, and 1 poultry processing plant. Farm products, and their value, marketed through SSC the last 2 fiscal years were:

Commodities	:	1960	:	1961
Eggs and poultry		\$8,076,439		\$9,359,396
Grain		<u>17,239,704</u>		<u>21,388,409</u>
Total		25,316,143		30,747,805

Net margins available to patrons on SSC wholesale, retail, and marketing operations and their distribution in fiscal years 1960 and 1961 were as follows:

Distribution of net margins :	1960	:	1961
Cash dividends on capital stock	\$1,931,774		\$2,076,131
Patronage refunds:			
Cash	585,843		809,139
Stock and equities	1,517,576		1,324,816
Additions to reserves or adjustments	<u>- 355,175</u>		<u>- 277,104</u>
Total	3,680,018		3,932,982

Of these total net margins, approximately 61 percent in the fiscal year 1960 and 63 percent in fiscal year 1961 were derived from manufacturing and wholesale purchasing and marketing operations, and the remaining proportions were derived from local retail and marketing operations.

For the fiscal year ended June 30, 1960, the association retired voting stock amounting to \$108,357, issued originally in the payment of patronage refunds. For the year ended June 30, 1961, the redemptions totaled \$175,740. For many years the policy has been to retire upon request, at par value, the voting stock issued 10 years previously.



Total net margins available to patrons of the combined SSC system since organizing in 1923 have been \$81,353,071. Of this amount, SSC paid \$19,165,572 as cash dividends on capital stock, \$19,881,220 as patronage refunds in cash, and \$30,473,629 in capital stock, capital book equities, and debentures. It retained the remaining \$11,832,650 for capital as general reserves. The total amount of capital stock retired under a revolving capital plan was \$5,488,674.

As of June 30, 1960 and 1961, the financial condition of SSC and its wholly and partly owned manufacturing subsidiaries, and its affiliated local retail cooperatives was as follows:

Item	:	1960	:	1961
<b>Assets:</b>				
Current assets		\$40,646,604		\$41,002,623
Fixed assets (net)		29,858,313		30,537,354
Other assets		<u>5,814,942</u>		<u>6,330,438</u>
Total		76,319,859		77,870,415
<b>Liabilities and net worth:</b>				
Current liabilities		5,120,756		5,632,186
Deferred liabilities		18,834,144		17,333,254
Net worth or members' or patrons' equities		<u>52,364,959</u>		<u>54,904,975</u>
Total		76,319,859		77,870,415

The net worth or member and patrons' equities of the system on June 30, 1961, consisted of the following items:

Item	:	Amount
Preferred capital stock		\$13,791,200
Common capital stock		6,843,164
Preferred and common--affiliates		16,935,155
Preferred and common--minority interest of other cooperatives		1,159,800
Capital book equities and certificates		4,696,178
Appropriated reserves		<u>11,479,478</u>
Total		54,904,975



Approximately 42 percent of the common and preferred capital stock represented retained patronage refunds and the remaining 58 percent had been sold to members and others.

Following is a tabulation of the number and value of facilities (buildings and equipment, by plants) owned and operated by SSC and its subsidiaries on June 30, 1961.

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
SSC and subsidiaries:			
(Wholesale, manufacturing, and marketing)			
Headquarters building	1	\$2,201,926	\$1,411,656
Poultry and egg marketing outlets	4	871,579	608,877
Feed mills	6	12,913,295	9,123,046
Fertilizer plants	8	5,119,485	3,358,143
Seed cleaning plants and whole-sale farm supply warehouses	9	4,708,645	3,127,654
Petroleum terminals and transport equipment	4	1,351,292	839,137
Research and analysis laboratory	1	31,821	6,282
Grain marketing facilities	5	467,366	296,177
Other facilities	-	<u>2,128,866</u>	<u>1,275,404</u>
Subtotal		29,794,275	20,046,376
SSC affiliated cooperatives:			
(Retail and marketing)			
Service stores	130	12,604,607	8,620,980
Bulk petroleum plants	29	<u>3,157,600</u>	<u>1,869,998</u>
Subtotal		<u>15,762,207</u>	<u>10,490,978</u>
Total		45,556,482	30,537,354

SSC also had \$720,100 invested in federations of regional cooperatives plus \$2,600,681 in allied companies operating various manufacturing and wholesale facilities. These investments are included in "other assets" in SSC's balance sheet.

On June 30, 1961, the SSC system had 2,907 employees. Of these 454 were engaged in general administrative activities, 1,374 in manufactur-

ing and processing operations, 61 in wholesale distribution, 919 in retail distribution, and 99 in farm product marketing.

### Farmers Union Central Exchange, Inc.

Farmers Union Central Exchange, Inc., with headquarters at South St. Paul, Minn., was organized in 1931. At the end of December 31, 1961, it was serving 486 member associations with approximately 250,000 patrons, 92 percent of them farmers, and 364 nonmember associations with 100,000 patrons, 92 percent of them farmers. The Central Exchange operates in Wisconsin, Minnesota, North Dakota, South Dakota, Montana, and parts of Wyoming, Idaho, and Washington.

A farmer cooperative may become a member of the Central Exchange by acquiring one \$25 share of common stock and agreeing to comply with its bylaws. Each member cooperative has one voting delegate for every 100 members or common stockholders in its association. The Central Exchange has 11 directors, elected by districts for staggered terms of 3 years.

The Farmers Union Central Exchange, Inc., is independent of the various State Farmers Union membership organizations in the area it serves. It does, however, prorate 5 percent of its net savings, before distribution, as service expense each year to these State organizations for the purpose of promoting and organizing cooperatives. The same relationship exists among many of the local affiliated Farmers Union cooperatives.

Farmers Union Central Exchange distributed supplies at wholesale during its fiscal years ended December 31, 1960 and 1961, as follows:

Commodities	: 1960	: 1961
Feed	\$5,345,360	\$6,154,648
Seed	635,990	628,675
Fertilizer	10,304,935	11,101,937
Petroleum products	55,152,758	53,836,963
Tires, tubes, and other accessories	8,891,606	9,028,558
Farm machinery	2,368,836	1,843,602
Milking machines	106,968	156,743
Paint	523,736	603,512
Hardware	3,051,249	3,337,964
Electrical equipment and appliances	614,379	657,836
Twine	714,714	1,028,620
Agricultural chemicals	1,340,218	1,754,977
L. P. gas equipment	1,125,520	1,212,934
Oil equipment	860,931	796,286
Miscellaneous	219,460	197,773
Total	91,256,660	92,341,028

The Exchange derived net margins available to patrons for fiscal years 1960 and 1961 from the following sources:

Source of net margins	1960	1961
Manufacturing and wholesaling operations	\$6,489,436	\$6,193,933
Net savings in form of stock and stock credits from other cooperatives	<u>1,543,296</u>	<u>2,620,091</u>
Total	8,032,732	8,814,024

The association distributed these net margins as follows:

Distribution of net margins	1960	1961
Cash dividends on capital stock	None	None
Patronage refunds in capital stock	\$7,215,346	\$7,311,812
Additions to capital reserves and other reserves	<u>817,385</u>	<u>1,502,212</u>
Total	8,032,731	8,814,024

In addition to paying patronage refunds in capital stock, the Exchange made quarterly price adjustments in cash on the purchases of certain light petroleum products by local cooperatives in the amount of \$1,739,470 in 1960, and \$1,502,024 in 1961.

Capital stock amounting to \$1,677,478 originally issued in payment of patronage refunds was retired in 1960 under a revolving capital plan. The amount retired in 1961 was \$5,268,640. The association has now retired all such capital stock issued from 1931 through 1951 and one-half of 1952.

Total net savings from the Central Exchange available to member and patron companies since its organization in 1931 have been \$110,767,815. Of this amount, the association paid \$716,795 as cash dividends on capital stock, \$75,773,972 as patronage refunds in capital stock, \$20,499,971

as price adjustments, and \$9,183,548 were added to capital reserves. The total amount of cash returned to local cooperatives as of December 31, 1961, was \$43,015,277. Of this amount, capital stock representing patronage refunds retired under the revolving capital plan was \$21,823,475 and price adjustments paid in cash amounted to \$20,499,971.

A condensed financial statement of the Central Exchange for December 31, 1960 and 1961, follows:

Item	: 1960	: 1961
<b>Assets:</b>		
Current assets	\$32,959,285	\$36,176,897
Fixed assets (net)	25,159,789	24,356,958
Other fixed assets (crude oil properties)	3,246,901	2,955,433
Investments	<u>14,893,164</u>	<u>16,212,184</u>
Total	76,259,139	79,701,472
<b>Liabilities and net worth:</b>		
Current liabilities	10,120,925	10,555,804
Noncurrent liabilities	2,276,657	1,739,133
Net worth (capital and reserves)	<u>63,861,557</u>	<u>67,406,535</u>
Total	76,259,139	79,701,472

The net worth of the association on December 31, 1961, consisted of the following:

Item	: Amount
Common stock	\$12,250
Preferred stock	56,042,261
General or capital reserves--allocated	<u>11,352,024</u>
Total	67,406,535

All of the common and preferred capital stock represents reinvested patronage refunds. No stock or other securities have been sold to member associations or others.

Facilities (buildings and equipment by plants) owned and operated by the association at the close of 1959 included:

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
Land	-	\$302,874	\$302,874
Bulk fertilizer blending plants	16	767,297	693,914
Wholesale farm supply warehouses	10	1,377,184	1,178,767
Oil blending plant, main office, and warehouse	1	3,944,235	3,184,834
Autos and trucks	-	1,037,493	699,740
Furniture and fixtures	-	885,875	338,660
Refinery property	1	16,818,053	10,360,980
Crude oil properties	-	5,258,594	3,756,623
Bottled gas plants and equipment	24	949,000	729,155
Pipeline terminal	1	453,750	409,618
Other	-	-	-
Total		31,794,355	21,655,165

The Exchange also had \$14,046,682 invested in federations of regional cooperatives which operated manufacturing and wholesaling facilities.

On December 31, 1961, the Exchange had 874 employees. Of these, 342 were engaged in general and administrative activities, 262 in manufacturing and processing operations, and 270 in wholesale distribution, including warehousing and transportation.

### Eastern States Farmers' Exchange, Inc.

The Eastern States Farmers' Exchange, Inc., with headquarters in West Springfield, Mass., was organized on January 28, 1918. At the end of 1961 it was serving over 258,000 patrons in the six New England States, Pennsylvania (except for the northern tier counties), Delaware, and Maryland.



Eastern States Farmers' Exchange is a centralized cooperative with farmers holding direct membership in it. Membership is determined by patronage. Eastern States has no capital stock or membership fees. Every farmer who purchases from, or markets through, the association becomes a member and remains a member for the calendar year following the date of his last patronage. Each member has only one vote. About 90.2 percent of the Exchange's 1961 production supply or purchasing business was with farmer patrons.

Eastern States had 57 directors in 1961. Their terms are for 3 years, with one-third elected each year. The Executive Committee consists of 12 members plus the president.

The association at the end of 1961 was serving patrons by means of 299 farmer-representatives, 15 independent cooperatives that also serve as representatives, and 107 regional branch service centers strategically located to supplement local car-door distribution. It also had seven egg candling plants.

Eastern States is an integrated farmers' nonstock, nonprofit cooperative agency for procuring production supplies and marketing agricultural products for its members. It processes a large proportion of the supplies it handles.

Value of production supplies distributed to patrons was \$81,758,143 for the fiscal year ended December 31, 1960, and \$83,502,704 for 1961. Sales value of eggs marketed December 31, 1960, was \$9,266,263, and December 31, 1961, \$8,965,392. Sales of grain during 1961 were \$1,608,798 (first year).

The principal categories of production supplies sold were:

Commodities	: 1960	: 1961
Feed	\$54,566,298	\$55,697,618
Field seeds	3,033,947	2,800,847
Seed potatoes	1,005,273	839,431
Vegetable seeds	496,043	566,529
Fertilizer and lime	11,164,221	11,265,658
Agricultural chemicals	3,221,390	3,386,828
Farm supplies	6,499,655	6,978,927
Husbandry supplies	878,459	1,020,732
Drugs	181,472	193,209
Total	81,046,758	82,749,779
Services--grinding & mixing	711,385	752,925
Total	81,758,143	83,502,704



Total net savings for the last 2 years were distributed as follows:

Distribution of net margins	: 1960	: 1961
Patronage refunds in cash	\$1,839,777	\$1,916,100
Allocated to patrons and retained as patrons' equities for capital purposes	<u>947,303</u>	<u>1,020,964</u>
Total	2,787,080	2,937,064

Total net savings available to patrons who purchased supplies during 1960 were \$2,863,404 and in 1961 were \$2,916,100. Marketing operations during 1960 resulted in an operating loss of \$52,697 and in 1961 a gain of \$20,964.

Total net savings since organization in 1918 have been \$68,164,025. Of this amount \$35,914,572 was paid in cash patronage refunds and the remaining \$32,259,453 was allocated to patrons and retained as capital.

The financial statement for Eastern States Farmers' Exchange as of December 31, 1960 and 1961, was as follows:

Item	: 1960	: 1961
<b>Assets:</b>		
Current assets	\$18,968,585	\$19,562,862
Fixed assets (net)	24,160,533	24,099,245
Other assets	<u>626,058</u>	<u>730,891</u>
Total	43,755,176	44,392,998
<b>Liabilities and net worth:</b>		
Current liabilities	6,437,302	6,677,089
Fixed indebtedness	6,079,386	5,456,456
Net worth (patrons' equities)	<u>31,238,488</u>	<u>32,259,453</u>
Total	43,755,176	44,392,998

The net worth of the association on December 31, 1961, was \$32,259,453 and consisted entirely of patrons' equities allocated to the following:

Patrons who purchased supplies	\$32,378,228
Patrons who marketed products	(118,775)

Principal facilities of the Exchange were 2 feed mills, 107 service centers, 5 fertilizer plants, 2 agricultural chemical plants, 2 research centers, 6 egg candling plants, and the general office building.

Eastern States had no investments in federations of regional cooperatives that operated manufacturing and wholesaling facilities at the end of 1961.

On December 31, 1961, Eastern States had 2,220 employees. Of these, 569 were engaged in general and administrative activities, 706 in manufacturing and processing operations, 29 in research activities, 219 in its marketing branches, and 697 in distributing operations through its service centers.

### Illinois Farm Supply Company

(Merged 8/1/62 with Farm Bureau Service Company  
of Iowa to form FS Services, Inc.)

Illinois Farm Supply Company, with headquarters in Bloomington, Ill., was organized in 1927. At the end of its operating year on August 31, 1961, it was providing manufacturing and wholesale farm supply services for 91 Class "A" member service companies. Most of these associations operated over countywide areas and served about 130,000 patrons, with 97 percent of them farmers.

Each member company is required to own one share of common stock (no par value). Preferred stock is used for financing. Each share of capital stock has one vote because Illinois laws governing capital stock corporations grant voting privileges to all classes of capital stock. Class "A" members are the county service companies handling petroleum, feed, plant food, and general farm supplies. All have membership agreements with Illinois Farm Supply Company.

This State and county cooperative system operates on a federated basis with local Farm Bureau members owning the county companies. These companies in turn own the Illinois Farm Supply Company and elect nine of its directors for 1-year terms on a district basis. In addition, two directors of the Illinois Agricultural Association, the State Farm Bureau Organization, are elected to serve on the board for 1-year terms.

From a technical standpoint, however, legal control and supervision of this cooperative system rests with the Illinois Agricultural Association. It holds 39.6 percent of the voting shares of capital stock in the Illinois Farm Supply Company, and the latter holds some voting stock in most of its member service companies.

Illinois Farm Supply Company has one wholly owned subsidiary, the Loudon Pipeline Company--which operates crude oil pipelines and a small amount of production properties in Illinois.

Value of supplies distributed at wholesale by the Illinois Farm Supply Company and its subsidiary during the fiscal years ended August 31, 1960 and 1961, was:

Commodities	:	1960	:	1961
Feed		\$16,431,468		\$17,738,417
Fertilizer		15,349,196		16,216,577
Petroleum products		35,234,479		35,593,134
Tires, tubes, and accessories		1,002,042		1,054,380
Farm equipment		467,362		709,105
Steel products		1,086,886		1,224,285
Lumber, paint, and other maintenance equipment		1,518,311		1,731,569
Insecticides		1,193,569		1,583,170
Twine		189,542		241,787
Antifreeze and office supplies		<u>443,017</u>		<u>238,817</u>
Total		72,915,872		76,331,241

Total net margins from manufacturing, wholesaling, and transportation operations available to member companies, and their distribution the last 2 years were:

Distribution of net margins	:	1960	:	1961
Cash dividends on capital stock		\$327,096		\$359,955
Patronage refunds				
Cash		2,546,277		2,968,815
Capital stock		900,000		1,150,000
Additions to retained surplus		<u>-</u>		<u>150,000</u>
Total		3,773,373		4,628,770

Total net margins of Illinois Farm Supply Company and its subsidiary after income taxes, since organizing in 1927 have been \$54,257,417. Of this amount, the organization paid \$4,160,380 as dividends on capital stock, \$37,514,674 as cash patronage refunds, \$7,378,500 as patronage refunds in capital stock, and retained the remaining \$5,203,863 as surplus. The company does not operate on a revolving capital basis.

The financial condition of the Illinois Farm Supply Company and its subsidiary on August 31, 1960 and 1961, was:

Item	: 1960	: 1961
Assets:		
Current assets	\$16,732,728	\$17,191,755
Fixed assets (net)	9,100,753	8,992,041
Other assets	<u>2,488,735</u>	<u>2,735,935</u>
Total	28,322,216	28,919,731
Liabilities and net worth:		
Current liabilities	7,377,987	6,972,007
Other liabilities	3,000,000	3,000,000
Net worth or members' equities	<u>17,944,229</u>	<u>18,947,724</u>
Total	28,322,216	28,919,731

The net worth or member and patron equities of the association on August 31, 1961, consisted of the following items:

Item	: Amount
Preferred stock	\$13,297,000
Capital through consolidation	44,572
Retained earnings--unallocated	<u>5,606,152</u>
Total	18,947,724

On August 31, 1961, the Illinois Farm Supply Company had accumulated 70 percent of its net worth through the sale of stock and 30 percent through retained net margins.

The type, number, and value of the principal operating facilities (buildings, and equipment, by plants) owned by the Illinois Farm Supply Company and its wholly owned subsidiary as of August 31, 1961, were as follows:

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
<u>Illinois Farm Supply Company:</u>			
Feed mills	2	\$3,806,869	\$2,590,391
Marine terminal bulk petroleum plants	3	1,407,848	821,124
Transport trucks	56	2,445,338	1,121,603
Barges and towboats	5 & 2	1,227,397	575,154
Plant food plants	2	3,698,322	1,322,309
Petroleum refinery	1	3,112,362	1,098,196
Other facilities--research farm	-	300,843	271,795
Headquarters--furniture and equipment	-	236,600	113,765
Construction in progress	-	<u>697,715</u>	<u>697,715</u>
Total		16,933,294	8,612,052
<u>Loudon Pipeline Company:</u>			
Pipeline	-	567,259	64,504
Crude oil properties	-	<u>571,447</u>	<u>315,486</u>
Total		1,138,706	379,990

Illinois Farm Supply Company also had \$2,493,708 invested in federations of regional cooperatives and allied companies which operated various refining, producing, manufacturing, and wholesaling facilities.

This association and its subsidiary had 723 employees on August 31, 1961. Of these, 293 were in general and administrative activities, 244 in manufacturing and processing operations, and 186 in wholesale distribution, including transportation and warehousing.



## Indiana Farm Bureau Cooperative Association, Inc.

Indiana Farm Bureau Cooperative Association, Inc., with headquarters in Indianapolis, Ind., was organized in its present form in February 1927. At the end of its operating year, December 31, 1961, it was serving 85 county farm bureau cooperatives in Indiana and 1 in Kentucky through a total of 265 distribution points. These 86 associations were distributing supplies to approximately 140,000 patrons, about 90 percent of them farmers.<sup>3/</sup> None of the county associations were under management and financing arrangements with the State organization,

Membership in this State association is limited to the county associations just mentioned, which hold all of the State association's voting stock. Membership is obtained by purchasing a \$100 share of common voting stock and agreeing to the provisions of the bylaws. Each member association has only one vote.

The State association has 10 directors elected by districts for 3-year terms, and 1 public director appointed annually by the board of directors. The Indiana Farm Bureau Cooperative Association is independent of the Indiana Farm Bureau, Inc., but one or more directors may be on the boards of both organizations. The same relationship exists among the county Farm Bureau cooperatives and the county Farm Bureaus.

The State association operated five retail branches for distribution of farm machinery and other equipment. Retail sales were \$701,059 in 1960 and \$886,037 in 1961.

The State association moved into marketing in 1947. Its first venture was in March 1947 when it started the Poultry and Egg Department. In October 1947, the Indiana Wool Growers merged with the State association, and in October 1949, the Indiana Grain Cooperative merged with it. On December 31, 1961, the Indiana Grain Marketing Division of the association was serving 210 locally owned cooperative elevators in the State.

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<sup>3/</sup> Many of these county cooperatives also market grain, wool, poultry, eggs, and other products.

The value of supplies distributed at wholesale by the association during the fiscal years ended December 31, 1960 and 1961, follows:

Commodities	: 1960	: 1961
Feed	\$12,198,677	\$14,214,217
Seed	1,479,853	1,695,516
Fertilizer	13,900,518	12,796,011
Gas, oil, and grease	22,233,314	20,164,411
Tires, tubes, and other accessories	803,311	926,317
Farm machinery and parts	1,364,140	1,705,520
Farm equipment	423,154	586,161
Steel products	1,336,921	1,775,734
Lumber, paint, and other maintenance equipment	4,192,249	4,863,780
Insecticides	1,259,746	1,359,792
Electrical equipment and appliances	287,678	257,415
Twine	267,303	284,516
Coal	636,704	574,502
Chicks, eggs, and turkey poults	369,260	495,103
Hardware	467,129	555,365
Miscellaneous <u>1/</u>	<u>355,900</u>	<u>455,991</u>
Total	61,575,857	62,710,351

1/ Includes such items as bulk plant equipment, printing supplies, and wool grower's supplies.

Sales value of farm products marketed by the State association during 1960 and 1961 was:

Commodities	: 1960	: 1961
Grain	\$94,601,133	\$98,101,311
Poultry	261	50
Eggs	858,736	925,438
Wool	<u>908,695</u>	<u>854,306</u>
Total	96,368,825	99,881,105

In 1960 the Wool Department handled 1,749,206 pounds of wool, or approximately 65 percent of production in the State. In 1961 it handled 1,678,436 pounds, or approximately 62 percent of production in the State.

In its fiscal year ended December 31, 1960, the Grain Division marketed 62,600,000 bushels of grain. In its year ended December 31, 1961, it marketed 60,200,000 bushels of grain.

Total net margins from purchasing and marketing operations available to patrons and their distribution for 1960 and 1961 were:

<u>Distribution of net margins : 1960 : 1961</u>		
Cash dividends on capital stock	\$472,163	\$450,406
Patronage refunds:		
Cash	7,158	5,861
Capital stock	2,543,521	1,756,600
Additions to capital reserves	<u>125,951</u>	<u>245,886</u>
Total	3,148,793	2,458,753

The cooperative derived approximately 65 percent of these net margins in 1960 and 53 percent in 1961 from supply purchasing operations. It derived the remaining proportions from marketing operations.

During 1960 the association retired \$1,950,000 of common stock, originally issued in payment of patronage refunds, under its revolving capital plan. As of December 31, 1960, the association had retired all common stock issued through 1948.

In 1961 the association retired \$1,824,200 of common stock. By December 31, 1961, it had retired all common stock issued through 1948 and 50 percent issued in 1949. (In January 1962, it retired 25 percent of the outstanding 1949 stock, totaling \$916,100).

The financial condition of Indiana Farm Bureau Cooperative Association, Inc., on December 31, 1960 and 1961, is shown in the following condensed statement:

Item	:	1960	:	1961
<b>Assets:</b>				
Current assets		\$33,320,397		\$34,529,229
Fixed assets (net)		21,394,191		20,726,972
Other assets		<u>9,671,265</u>		<u>9,576,410</u>
Total		64,385,853		64,832,611
<b>Liabilities and net worth:</b>				
Current liabilities		9,309,784		11,144,168
Other liabilities		5,865,828		4,749,802
Net worth (capital and reserves)		<u>49,210,241</u>		<u>48,938,641</u>
Total		64,385,853		64,832,611

The net worth or member and patron equities of the association on December 31, 1961, consisted of the following items:

Item	:	Amount
Capital stock outstanding		\$44,079,900
Patronage refunds to be applied against stock subscriptions		1,762,471
Reserve for revaluation of facilities acquired		116,930
General reserve		739,098
Patrons' equities		<u>2,240,242</u>
Total		48,938,641

On December 31, 1961, about 75 percent of the association's capital stock represented retained savings, and the remaining 25 percent had been sold to member associations and others.

At the close of 1961, the principal facilities (buildings and equipment, by plants) included:

Facilities	:Number of: :plants or: : units :	Cost value	: Depreciated : value
Land and improvements	-	\$631,784	\$617,103
Fertilizer plants and equipment	4	5,230,359	1,875,539
Petroleum refinery	1	7,692,710	2,784,681
Oil well production facilities	-	5,743,717	2,661,807
Petroleum product pipelines and equipment (miles)	230 miles	4,399,352	3,507,530
Petroleum terminals and pump stations	5	2,883,188	1,999,212
Grain terminals and equipment	3	6,987,150	4,900,541
Seed plant and equipment	1	364,441	243,802
Wholesale farm supply warehouse	1	983,512	659,926
General office buildings	1	686,325	408,940
Administrative facilities	-	501,493	131,550
Hatcheries and equipment	18	221,310	24,938
Poultry breeding farm	1	105,835	71,574
Poultry and egg plants and equipment	2	153,385	45,800
Farm chemicals plant	1	191,740	128,052
Stock equipment plant	1	61,744	43,253
Farm lumber center	1	163,576	120,610
Other marketing and supply facilities	-	<u>1,117,835</u>	<u>502,114</u>
Total		38,119,456	20,726,972
Properties represented by capital stock investments in "other assets":			
Crude oil properties (intangible cost)	-	11,613,733	4,759,997
Crude oil pipeline and equipment of subsidiary (Farm Bureau Oil Company)	-	<u>3,298,001</u>	<u>1,207,569</u>
Total		14,911,734	5,967,566

The association also had \$1,770,711 invested in federations of regional cooperatives which operated various manufacturing and wholesaling



facilities. These investments are included in "other assets" of the association.

On December 31, 1961, the Indiana Farm Bureau Cooperative Association had 1,107 employees. Of these, 233 were engaged in general and administrative activities, 434 in manufacturing and processing operations, 80 in retail distribution, 221 in wholesale distribution including warehousing and transportation, and 139 in marketing farm products.

### Midland Cooperatives, Inc.

Midland Cooperatives, Inc., with headquarters at Minneapolis, Minn., was organized on September 8, 1926. At the end of its operating year on August 31, 1961, it was serving 700 member associations with about 300,000 patrons, 95 percent of them farmers.

The association operates throughout Minnesota except for the northeastern quarter of the State, throughout Wisconsin except for the extreme north, in northern Iowa, and in the eastern parts of the Dakotas.

Membership in Midland is limited to cooperatives and is obtained by acquiring one \$100 share of common stock and agreeing to the provisions of the bylaws. Each member association has one vote plus additional votes based on the amount of business transacted with Midland. Midland has 13 directors elected by districts for staggered terms of 2 years.

The association distributed supplies at wholesale during the fiscal years ended August 31, 1960 and 1961, as follows:

Commodities	:	1960	:	1961
Feed, flour, and mill feed		\$3,776,782		\$4,293,148
Fertilizer		4,917,108		5,557,484
Seed		745,539		681,435
Petroleum products		31,973,443		32,233,183
Tires, tubes, and accessories		3,011,911		3,044,818
Farm machinery		0		0
Steel products		792,873		866,993
Paint and related products		180,223		213,421
Insecticides		550,301		700,356
Electrical equipment		898,004		877,801
Hardware and farm tools		865,902		850,879
Oil station equipment		259,534		209,766
Miscellaneous		112,363		131,291
Total		48,083,983		49,660,575

Net margins available to patrons and their distribution for the fiscal years ended in 1960 and 1961 were:

Distribution of net margins	: 1960	: 1961
Cash dividends on capital stock	\$86,571	\$74,701
Patronage refunds paid in capital stock	519,319	1,783,875
Additions to unallocated surplus	<u>57,702</u>	<u>198,208</u>
Total	663,592	2,056,784

In 1959-60 the association retired \$656,000 of capital stock originally issued in payment of patronage refunds under its revolving capital plan of financing. In 1960-61 no capital stock was retired. It has now retired all revolving stock originally issued through 1946.

The financial condition of Midland as of August 31, 1960 and 1961, is shown in the following statement:

Item	: 1960	: 1961
Assets:		
Current assets	\$13,630,042	\$11,581,269
Fixed assets (net)	8,524,017	8,609,600
Other assets	<u>6,904,700</u>	<u>8,100,829</u>
Total	29,058,759	28,291,698
Liabilities and net worth:		
Current liabilities	6,758,762	5,434,542
Other liabilities	6,795,166	6,042,679
Net worth (capital and reserves)	<u>15,504,831</u>	<u>16,814,477</u>
Total	29,058,759	28,291,698

The net worth or member and patron equities of the association on August 31, 1961, consisted of the following items:

Item	: Amount
Common stock and stock credits	\$13,645,007
Preferred stock	1,867,520
Surplus	<u>1,301,950</u>
Total	16,814,477

On August 31, 1961, Midland owned and operated the following principal facilities (buildings and equipment, by plants):

Facilities	: Cost value	: Depreciated value
Land--total	\$348,081	\$313,486
Crude oil property	3,130,564	574,187
Refinery (complete)	9,494,838	4,315,686
General office, central warehouse and oil blending plant	2,432,529	1,699,210
Other warehouses	2,189,031	1,482,456
Bulk petroleum plants	92,510	48,459
Other properties	<u>309,441</u>	<u>176,116</u>
Total	17,996,994	8,609,600

Investments in other production and operating facilities owned jointly with other regional cooperatives or allied companies were:

Facilities	: Amount invested
Fertilizer, feed, soybean, and seed processing	\$3,743,053
Petroleum products terminal	1,443,824
Properties of National Cooperatives, Inc. (including milking machine factory)	316,103
Other investments	<u>2,229,366</u>
Total	7,732,346

On August 31, 1961, Midland had 637 employees. Of these, 222 were engaged in general and administrative activities, 227 in manufacturing and processing operations, and 188 in wholesale distribution including warehousing and transportation.

## Western Farmers Association

Western Farmers Association, with headquarters in Seattle, Wash., was organized in February 1917, as the Washington Cooperative Egg and Poultry Association. Its name was changed in February 1945 to Washington Co-Operative Farmers Association when it broadened its membership requirements and scope of services. Its name was changed again in February 1960 to Western Farmers Association inasmuch as it serves members in Northwestern States.

The association is a centralized cooperative with farmers directly holding membership in it. During 1961 it served 46,085 member farmers located throughout Washington and northwestern Oregon. Approximately 100 percent of its production supply or purchasing business was with farmer patrons.

Anyone engaged in producing farm products in commercial quantities may become a member by paying a \$2.50 membership fee and 50 cents the first year for a subscription to Western Farmer, the membership publication of the association. Those wishing to market products through the association must sign marketing agreements covering the specified commodities marketed. Each member has only one vote. The association has 16 directors elected by districts for staggered terms of 3 years.

Patrons are served through 49 branch stations and distributors located throughout Washington and 7 in Oregon in addition to the facilities at headquarters in Seattle. All stations handle poultry and poultry products, feed, and general farm supplies. Only five have petroleum bulk plants, but in the areas of the other branch stations, oil products are delivered to farmers by the association's tank trucks direct from its suppliers' bulk plants. LP gas storage tanks are located at five branches, from which distribution is made to members.

Western Farmers Association is an integrated organization, which processes a large number of the products it markets and the supplies it distributes to members.

The value of supplies and equipment distributed to patrons during the association's fiscal years ended December 31, 1960 and 1961, was:

Commodities	:	1960	:	1961
Feed		\$25,190,910		\$27,740,495
Seed		782,125		694,747
Fertilizer		3,245,028		4,450,715
Petroleum		10,406,690		10,226,787
Other farm supplies and equipment <u>1/</u>		<u>3,177,955</u>		<u>3,460,006</u>
Total		42,802,708		46,572,750

1/ Of the "other farm supplies and equipment," poultry and general equipment represented about 41 percent, building materials about 14 percent, and miscellaneous items the remaining 45 percent.

The volume of feed in 1960 was 330,245 tons, of which 205,757 tons were delivered in bulk by 34 trucks. Volume in 1961 was 356,202 tons, with 240,191 tons of this quantity delivered in bulk by 35 trucks.

The association was originally formed as an egg and poultry marketing association, and this still is one of its major functions. The value of products it marketed for patrons in 1960 and 1961 was as follows:

Products	:	1960	:	1961
Egg and egg products		\$10,889,553		\$10,621,318
Dressed poultry		9,161,343		7,916,938
Dressed turkeys		2,838,017		1,780,830
Canned poultry and turkey		2,939,470		2,837,621
Seed		422,588		427,936
Edible beans		1,504,875		843,109
Grain		<u>1,388,465</u>		<u>1,387,265</u>
Total		29,144,311		25,815,017



Net margins available to patrons and their distribution for the last 2 years were:

Distribution of net margins :	1960	: 1961
Interest on "finance fund" certificates	\$776,702	\$866,160
Extra payments on marketing and patronage refunds on purchasing issued as "finance fund" certificates	3,597,287	3,450,296
Additions to rotating reserve fund	<u>248,725</u>	<u>183,753</u>
Total	4,622,714	4,500,209

This cooperative declares separate rates of extra payments on a patronage basis in its egg, poultry, turkey, and seed marketing departments and a separate patronage refund rate in its feed, seed, fertilizer, and farm supply departments.

On January 4, 1960, the association retired its 1954 certificates in the amount of \$1,988,708. On January 2, 1961, it retired 100 percent of its 1955 certificates in the amount of \$2,370,246. It also retired rotating reserves totaling \$281,412 in 1960 and \$266,851 in 1961. The association has usually revolved both the finance fund certificates and the rotating reserves on a 6-year basis.

The financial condition of this association on December 31, 1960 and 1961, is shown in the following condensed balance sheet:

Item	: 1960	: 1961
Assets:		
Current assets	\$15,474,762	\$17,869,024
Fixed assets (net)	11,022,259	11,730,906
Other assets	<u>1,490,177</u>	<u>1,616,959</u>
Total	27,987,198	31,216,889
Liabilities and net worth:		
Current liabilities	4,322,186	5,942,085
Net worth (finance fund, reserve funds, and undistributed operating margins)	<u>23,665,012</u>	<u>25,274,804</u>
Total	27,987,198	31,216,889

The net worth or member and patrons' equities of the association on December 31, 1961, consisted of the following items:

Item	: Amount
Finance funds	\$18,338,990
Reserves from prior years--unallocated	3,329,255
Undistributed operating margins--current year	<u>3,606,559</u>
Total	25,274,804

On December 31, 1961, approximately 88 percent of the association's net worth was represented by retained net operating margins or savings and the remaining 12 percent by regular capital subscriptions on farm products marketed.

At the close of 1961, principal facilities owned by the association were:

Facilities	: Cost : value	: Depreciated : value
Land	\$902,032	\$902,032
Machinery, equipment, and furniture	5,556,870	2,838,343
Buildings and improvements to leased properties	10,084,518	7,100,720
Trucks and automobiles	<u>2,561,000</u>	<u>889,811</u>
Total	19,104,420	11,730,906

The association also had \$1,430,671 invested in federations of regional cooperatives that operated various manufacturing and wholesaling facilities.

On December 31, 1961, the association had 1,374 employees engaged in general administrative activities, manufacturing and processing, wholesale distribution, marketing farm products, and purchasing farm supplies for producer members.

## The Farm Bureau Cooperative Association, Inc.

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1961, it was serving 85 member associations with 226 distributing points in Ohio. These co-operative outlets served about 230,000 patrons. Volume of business with farmers represented about 85 percent of the total business of these associations.

Forty-two of the county cooperative associations were under management agreements with the State association, and of this number 33 had financing agreements.

Membership in The Farm Bureau Cooperative Association, Inc., is obtained by purchasing a \$25 share of common stock and agreeing to the provisions of the bylaws. Each share of common stock has one vote. Preferred stock is used for financing purposes and carries no vote. Common stock of The Farm Bureau Cooperative Association is held by the county cooperatives and the Ohio Farm Bureau Federation.

The same board of 26 directors governs both the Ohio Farm Bureau Federation and The Farm Bureau Cooperative Association and they are elected by districts for staggered terms of 3 years. In the county cooperatives, any farmer is eligible for membership.

The regional cooperative distributed supplies at wholesale during the fiscal years ended December 31, 1960 and 1961, as follows:

Commodities	:	1960	:	1961
Feed		\$12,604,729		\$13,416,975
Fertilizer		9,199,058		8,734,405
Seed and seed potatoes		2,177,992		2,024,111
Petroleum products		11,968,947		12,160,175
Tires, tubes, and other accessories		358,382		325,608
Farm machinery and parts		27,546		0
Stock equipment and hardware		1,193,617		1,301,645
Fence, roofing, and paint		2,224,293		2,368,426
Insecticides and fungicides		1,171,192		1,338,178

(Tabulation continued on next page.)

(Continued)

Commodities	:	1960	:	1961
Electrical equipment and appliances		\$ 760,235		\$ 689,052
Miscellaneous <u>1/</u>		<u>928,925</u>		<u>1,015,616</u>
Total		<u>2/ 42,614,916</u>		<u>3/43,374,191</u>

1/ Includes such items as antifreeze, animal health supplies, and equipment for handling petroleum.

2/ Includes \$310,326 of interdivision transactions.

3/ Includes \$241,157 of interdivision transactions.

The value of grain marketed through The Farm Bureau Cooperative Association, Inc., was \$38,332,856 in 1960 and \$34,113,727 in 1961.

Net margins available to patrons and shareholders and their distribution for 1960 and 1961 were:

Distribution of net margins	:	1960	:	1961
Cash dividends on capital stock		\$438,938		\$573,949
Patronage refunds:				
Cash		369,645		324,486
Securities		0		0
Additions to capital reserves		<u>91,132</u>		<u>101,331</u>
Total		899,715		999,766

The association retired no securities originally issued in payment of patronage refunds under its revolving plan in either 1960 or 1961. As of December 31, 1961, it had retired all such stock on securities issued through 1947 and 50 percent of that issued in 1948.

Total net margins available to patrons and shareholders since organization in 1933 have been \$23,365,000. Of this amount, the association paid \$4,987,000 as cash dividends on capital stock, \$3,473,300 as cash patronage refunds, \$13,005,700 as patronage refunds in securities, with the remaining \$1,899,000 retained for capital as reserves. The total amount of capital stock or other securities (representing patronage refunds) retired under the revolving capital plan has been \$5,050,700.

The financial condition of the Farm Bureau Cooperative Association, Inc., as of December 31, 1960 and 1961, is shown in the following statement:

Item	:	1960	:	1961
Assets:				
Current assets		\$16,374,032		\$16,406,640
Fixed assets (net)		11,469,301		11,444,183
Other assets		<u>10,464,068</u>		<u>12,208,556</u>
Total		38,307,401		40,059,379
Liabilities and net worth:				
Current liabilities		5,351,019		5,300,582
Other liabilities		14,125,475		14,464,900
Net worth (capital and reserves)		<u>18,830,907</u>		<u>20,293,897</u>
Total		38,307,401		40,059,379

The net worth or shareholders and patrons' equities of the association on December 31, 1961, consisted of the following items:

Item	:	Amount
First preferred stock		\$5,723,450
Class A common stock		18,525
Class B common stock		1,848,400
Class C common stock		2,934,000
Class CL common stock		2,719,140
Certificates of ownership		4,382,411
Allocated operating capital reserve		2,287,095
General reserves		<u>380,876</u>
Total		20,293,897
These equity items may be reclassified as follows:		
Investment by shareholders		11,395,115
Patrons' reinvested savings		8,517,906
General reserves		<u>380,876</u>
Total		20,293,897



Approximately 43 percent of the total capital stock and certificates of ownership represents retained patronage refunds and the remaining 57 percent was sold to member associations and others.

Principal facilities (buildings and equipment, by plants) owned and operated by The Farm Bureau Cooperative Association, Inc., at the end of 1961 were:

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
Terminal grain elevators	2	\$4,164,186	\$2,531,186
Feed mill	1	577,348	105,862
Fertilizer plants	2	2,151,887	708,953
Insecticide plant	1	117,705	2,352
Seed plant	1	576,586	486,775
Wholesale farm supply warehouse	1	321,002	150,152
Transport trucks (dry and liquid)	65	686,599	288,164
Other facilities	-	<u>9,616,180</u>	<u>7,170,739</u>
Total		18,211,493	11,444,183

The Farm Bureau Cooperative Association at the end of 1961 also had investments of \$1,861,209 in federations of regional cooperatives that owned manufacturing and wholesaling facilities. In addition, it had \$10,347,347 invested in subsidiaries, county farm bureau associations, banks for cooperatives, and other companies and organizations.

On December 31, 1961, The Farm Bureau Cooperative Association, Inc., had 657 employees. Of these, 241 were engaged in general and administrative activities, 194 in manufacturing and processing operations, 114 in wholesale distribution including warehousing and transportation, 65 in retail distribution, and 43 in marketing farm products.

Note: The report on this association may be based in whole or in part on estimates believed to be reasonably accurate for the statistical purposes of the inquiring agency when made.

### M.F.A. Milling Company

M.F.A. Milling Company, with headquarters in Springfield, Mo., was organized in 1923 and reorganized on its present basis in 1929. On June 30, 1961, it was serving 132 local M.F.A. farmer cooperative exchanges in Missouri with approximately 50,000 farmer-members. In addition, it was supplying feed to 125 local cooperatives in Kansas, Arkansas, Mississippi, Louisiana, Oklahoma, and Texas, with about 25,000 farmer-members.

M.F.A. Milling Company, the largest regional purchasing association affiliated with the Missouri Farmers Association, is owned by local M.F.A. exchanges or cooperatives in southern Missouri. Each member cooperative has only one vote. A local cooperative may obtain membership in the M.F.A. Milling Company by distributing M.F.A. feeds.

The local cooperatives, in turn, are owned by the M.F.A. members they serve. A farmer may obtain membership in a local M.F.A. cooperative by making \$25 worth of purchases from it. The M.F.A. Milling Company is organized on a nonstock, nonprofit plan and is financed by patrons' equities.

The local M.F.A. exchanges served by the M.F.A. Milling Company constitute its Class B membership. They elect one-half of its 12-man board of directors, by districts, for 1-year terms. The other half of the board is named for a 1-year term by the State board of directors of the Missouri Farmers Association, which constitutes the Class A membership of the milling company. None of the local cooperatives are under management or supervision agreements with the M.F.A. Milling Company.

The M.F.A. Milling Company distributed supplies at wholesale during the fiscal years ended June 30, 1960 and 1961, as follows:

Commodities	: 1960	: 1961
Feed	\$35,177,060	\$32,836,619
Seed	<u>1,445,714</u>	<u>1,312,681</u>
Total	36,622,774	34,149,300

Net savings available to patrons and their distribution for the 1960 and 1961 fiscal years were:

Distribution of net margins	: 1960	: 1961
Cash patronage dividends paid on 1959-60 and 1960-61 business of patrons	\$1,116,645	\$1,325,372
Additions to member-patron equities of patrons in 1959-60 and 1960-61 (under a revolving capital plan to be retired in later years)	<u>0</u>	<u>0</u>
Total	1,116,645	1,325,372

M.F.A. Milling Company operates on a revolving capital plan, which has usually been on a 5-year basis. For the year ended June 30, 1960, the company had net savings of \$1,116,645. It paid out all of these as cash patronage refunds on the current year's business. For the year ended June 30, 1961, it had net savings of \$1,325,372. It also paid all of these as cash patronage refunds on the current year's volume.

Total net savings since June 30, 1929, have been \$21,709,573. Of this amount the company paid \$17,709,573 as cash patronage refunds and placed the remaining \$4 million in member-patrons' equities under its revolving capital plan of financing. This amount along with fiscal 1961 net savings accounted for total member-patron equities of \$5,325,372 on June 30, 1961. Since July 1, 1935, the company has produced 140,328,326 bags (100-lb.) of feed with a sales value of \$500,823,996.

The following condensed statement shows the financial condition of M.F.A. Milling Company on June 30, 1960 and 1961:

Item	: 1960	: 1961
<b>Assets:</b>		
Current assets	\$4,966,331	\$5,167,401
Fixed assets (net)	1,901,221	2,268,029
Other assets	<u>262,983</u>	<u>262,990</u>
Total	7,130,535	7,698,420
<b>Liabilities and net worth:</b>		
Current liabilities	1,445,001	2,317,834
Other liabilities	536,000	24,000
Net worth	<u>5,149,534</u>	<u>5,356,586</u>
Total	7,130,535	7,698,420

The net worth of the company on June 30, 1961, consisted of the following:

Item	: Amount
Surplus	\$31,214
Member-patron equities	<u>5,325,372</u>
Total	5,356,586

On June 30, 1961, operating facilities (buildings and equipment, by plants) of the M.F.A. Milling Company consisted of the following:

Facilities	:Number of: :plants or: : units :	Cost value	: Depreciated : value
Land	-	\$168,440	\$168,440
Feed mill and seed plant buildings, machinery and equipment	2	<u>5,585,254</u>	<u>2,099,589</u>
Total		5,753,694	2,268,029

M.F.A. Milling Company, on June 30, 1961, had 453 employees--269 in Springfield and 184 in Aurora. Of these, 14 were engaged in general administrative activities, 426 in manufacturing and processing operations, and 13 in wholesale distribution and field service work.

### Nulaid Farmers Association

Nulaid Farmers Association (doing business as Nulaid Farms), a centralized farmer cooperative with headquarters in San Leandro, Calif., was incorporated as Poultry Producers of Central California in October 1916 and began operating in January of the following year. Originally, its sole purpose was marketing eggs, but in 1926 its activities were expanded to include manufacture and distribution of feeds for poultry, dairy, and other types of livestock, and later the marketing of poultry.

This association operates in California. On December 31, 1961, it had 9,943 members, who were served through 22 branches, 7 ranch grading plants, and 3 agencies throughout the central coast and central valley counties of California north of Monterey and Merced Counties.

All branches serve as receiving stations for members' eggs and distribution centers for the association's feeds. Nulaid owns and operates three egg packing plants and four feed mills.

According to the bylaws, membership in this association is open to any agricultural producer or cooperative poultry marketing association. A membership fee of \$10 must be paid and producers must sign an egg marketing agreement as a condition of membership. By resolution of the board of directors, applicants should be potential patrons of any or all departments of the association to the extent of \$500 a year.



Continuation of active membership requires minimum patronage of \$100 annually in any or all departments. The initial membership fee of \$10 is refunded if a member withdraws from the association.

Each member has one vote by reason of membership, plus one vote for each \$500 worth of patronage annually. The association has 11 directors. They are elected from five districts in the State plus one at large and for staggered terms of 2 years.

Under the marketing agreements, the member agrees to market through the association all the eggs or poultry he produces other than those sold to hatcheries (eggs) or retained for home or farm use. This agreement further provides that eggs and poultry be pooled and that for eggs, members receive weekly advance payments based upon volume, quality, and grade delivered to the association during the preceding week. These payments are followed by an annual deferred or final settlement representing the difference between costs of marketing and handling and returns from the final sale.

Since early 1957, the association has provided for "nonmember patronage agreements" whereby a producer can receive patronage refunds on his purchase of feeds and supplies, even though he does not have voting privileges. Such agreement, however, may be terminated by the board of directors on 15 days' notice.

Volume of feed and supplies distributed to patrons by the association during the fiscal years ended December 31, 1960 and 1961, was:

Commodities	: 1960	: 1961
Feed	\$22,497,000	\$24,441,000
Petroleum products	2,166,000	1,832,000
Farm supplies and equipment	<u>1,803,000</u>	<u>1,375,000</u>
Total	26,466,000	27,648,000

In 1960, the association sold 309,000 tons of feed--230,000 tons of this delivered in bulk by 40 trucks and trailers. In 1961, it sold 327,000 tons--265,000 tons of this delivered in bulk.

In addition to feeds and feedstuffs, members may order farm supplies through the association. Principal supply items include aluminum roofing and siding, fencing materials, poultry house equipment, tires and batteries, drugs, and insecticides. Petroleum products of a major oil company are distributed on a cooperative basis to members of the association by special agreement.



The association's poultry marketing activities were expanded last year and it now owns and operates a processing plant on a two-shift basis.

Volume of eggs	: 1960	: 1961
Dollar volume	\$27,147,000	\$24,948,000
Number of cases	2,192,000	1,936,000

All deferred payments to egg shippers and net margins of the feed and supply department of the association were allocated to patrons in proportion to their patronage. The amounts and their distribution for 1960 and 1961 were:

Distribution of deferred payments and net margins	: 1960	: 1961
Egg revolving fund	-	\$191,000
Egg reserve for contingencies	\$-411,000	80,000
Feed capital fund credits, or cash, or both	1,977,000	2,464,000
Feed revolving fund credits	182,000	765,000
Feed reserve for contingencies	<u>0</u>	<u>0</u>
Total	1,748,000	3,500,000

Before 1924, Nulaid was financed by issuance of capital stock to its members. Since 1924, revolving funds have constituted its basis for capitalization. Separate capital revolving funds are maintained for the egg, feed, and poultry departments.

The feed capital fund provides for the normal capital requirements of the feed department. Members' credits in the feed and egg capital funds are represented by interest-bearing certificates. The feed revolving fund is noninterest-bearing and noncertificated; it has been set aside annually since 1941 as a special revolving reserve primarily to cushion sudden declines in feed inventory values. The egg capital fund has generally been revolved on a 2 1/2-year basis, the feed capital fund on a 2 1/2-year basis, and the feed revolving fund on a 3-year basis. The patronage capital funds' revolving period is gradually slowing down as more capital is needed. Presently certificates are outstanding about 4 years.

The general capital fund, created and maintained from the sale of general capital fund certificates to members, was established in 1953 and has not yet been revolved. The length of its revolving cycle is, therefore, indeterminate; it is anticipated, however, that this cycle will exceed that of the egg and feed capital funds.

During 1960, the association retired, in cash, revolving fund credits totaling \$206,000. In 1961, it retired \$799,000.

During the 16 years, 1946 through 1961, the association handled a total business volume of \$869 million. Net savings totaled \$41,876,000 of which \$37,300,000 was feed and supply net margins, \$4,279,000 was egg department margins, and \$297,000 was other income.

The financial condition of Nulaid Farmers Association as of December 31, 1960 and 1961, is indicated in the following condensed balance sheet:

Item	: 1960	: 1961
<b>Assets:</b>		
Current assets	\$12,135,000	\$13,776,000
Fixed assets (net)	8,285,000	8,501,000
Other assets	<u>852,000</u>	<u>1,102,000</u>
Total	21,272,000	23,379,000
<b>Liabilities and net worth:</b>		
Current liabilities	4,252,000	5,910,000
Deferred liabilities	2,920,000	2,320,000
Net worth	<u>14,100,000</u>	<u>15,149,000</u>
Total	21,272,000	23,379,000

The net worth or member and patrons' equities of the association on December 31, 1961, consisted of the following items:

Item	: Amount
<b>Capital fund certificates:</b>	
Membership capital fund (fees)	\$99,000
Egg capital fund	1,430,000
Feed capital fund	4,196,000
Poultry marketing deductions	5,000
General capital fund	<u>4,452,000</u>
Total	10,182,000

(Tabulation continued on next page.)

(Continued)

Item	: Amount
Capital fund accumulations	\$313,000
Revolving fund--egg, feed, and farm supply departments	679,000
Reserves for contingencies--not allocated	745,000
Margins from current year's feed and farm supply operations	<u>3,230,000</u>
Total net worth	15,149,000

At the close of 1961, the principal facilities owned by the association were:

Facilities	: Cost value	: Depreciated value
Land	\$521,000	\$521,000
Buildings, improvements, leasehold improvements	5,685,000	4,228,000
Autos and trucks	2,203,000	1,083,000
Egg department	1,118,000	583,000
Feed department equipment	3,405,000	1,454,000
Facilities under construction	526,000	526,000
Other	<u>461,000</u>	<u>106,000</u>
Total	13,919,000	8,501,000

During 1961, the association employed an average of 750 men and women. Of these employees, 300 were engaged in administrative and general activities.

## Pacific Supply Cooperative

Pacific Supply Cooperative, commonly known as P.S.C., with headquarters at Walla Walla, Wash., was organized December 10, 1933. At the close of its operating year, June 30, 1961, it had 120 member associations located mainly in Oregon, Washington, and Idaho, with a few in northern California, western Montana, and Utah. Patrons of these associations numbered about 60,000, and 95 percent were farmers. It also served 100 nonmember associations. Twelve of the local cooperatives served were under management or supervision agreements with P.S.C.

Membership in Pacific Supply Cooperative is acquired by purchasing 10 shares of Class A common stock at \$100 a share and agreeing to the provisions of the bylaws. In addition, each member subscribes to additional shares annually in amounts not exceeding 20 percent of annual net margins to each member but shall not be required to own more than 500 shares of such stock. Each member association has only one vote. P.S.C. has seven directors elected by districts for staggered terms of 2 years.

P.S.C. distributed supplies at wholesale during the fiscal years ended June 30, 1960 and 1961, as follows:

Commodities	: 1960	: 1961
Feed and grain wholesaled	\$766,349	\$1,575,318
Fertilizer	7,511,127	8,159,443
Seed wholesaled	257,371	341,720
Gas, oil, grease, and fuel oil <u>1/</u>	11,942,048	11,642,219
Tires, tubes, and other automotive supplies	1,228,424	1,189,608
Insecticides and chemicals	1,068,194	1,269,893
Hardware <u>2/</u>	1,978,283	1,941,091
Farm mechanical items <u>3/</u>	1,241,336	1,101,628
Miscellaneous supplies	23,617	26,870
Total	26,016,749	27,247,790

1/ Includes revenue from transports and repair shop totaling \$842,804 in 1960 and \$777,901 in 1961.

2/ Includes lumber, paint, steel products, and other maintenance items.

3/ Includes farm machinery and parts representing about 12 percent, and general farm equipment, home appliances, and irrigation equipment representing 88 percent.

Small amounts of farm supplies also were retailed from one petroleum plant and five seed and grain plants operated by P.S.C.

Pacific Supply Cooperative also marketed farm products as follows:

Commodities	: 1960	: 1961
Seed marketed	\$3,929,363	\$2,605,078
Grain marketed	<u>2,786,793</u>	<u>2,903,330</u>
Total	6,716,156	5,508,408

Total net margins available to patrons and their distribution for fiscal years 1960 and 1961 were:

Distribution of net margins (before : payment of dividends on stock and : interest on other certificates) :	1960	: 1961
Cash dividends on preferred stock and interest on capital reserve and refinery revolving certificates	\$140,885	\$154,565
Patronage refunds:		
Cash or equivalent on current business	8,870	8,354
Capital reserve certificates	432,963	334,755
Common stocks and credits	72,596	58,467
Additions to general reserves	<u>0</u>	<u>0</u>
Total	655,314	556,141

Almost all of the net margins both years were derived from farm supply operations.

In its 1959-60 and 1960-61 fiscal years, the association retired none of the capital reserve certificates originally issued as patronage refunds. Under its revolving capital plan, the association now has retired all such certificates through the first half of 1946.

Total net savings available to patrons, before dividends on capital stock and interest on capital reserve certificates, since organizing in 1933 and through June 30, 1961, have been \$10,195,581. They have been distributed as follows: Cash dividends on capital stock and interest on capital reserve certificates, \$1,095,078; cash patronage refunds and



revolving of capital reserve certificates, \$2,245,040; capital reserve certificates, \$4,933,716, which will be revolved; patronage refunds issued as common capital stock and stock credits, \$1,340,157; and general reserves, \$581,590.

The financial condition of P.S.C. on June 30, 1960 and 1961, was:

Item	:	1960	:	1961
Assets:				
Current assets		\$8,250,102		\$7,210,949
Fixed assets (net)		3,674,556		3,592,100
Other assets and investments		<u>2,463,969</u>		<u>3,075,473</u>
Total		14,388,627		13,878,522
Liabilities and net worth:				
Current liabilities		4,498,124		3,465,842
Other liabilities		1,006,025		883,303
Net worth or member and patron equities		<u>8,884,478</u>		<u>9,529,377</u>
Total		14,388,627		13,878,522

The member equity (capital account) on June 30, 1961, consisted of the following:

Item	:	Amount
Preferred stock		\$2,149,250
Common stock--class A		1,064,400
Common stock--class B		168,800
Common stock credits		15,114
Capital reserve certificates:		
2 percent converted (no maturity; issued 1946-48)		1,056,357
New series (no dividends; issued 1949-58 no maturity)		3,542,603
Refinery revolving fund certificates		316,934
General reserve--allocated		581,590
Special permanent reserve--allocated		232,753
Undivided margins--for current year		<u>401,576</u>
Total		9,529,377

On June 30, 1961, P.S.C. owned and operated the following principal facilities (buildings and equipment, by plants):

Facilities	:Number of: :plants or: : units :	Cost value	:Depreciated : value
Land	-	\$371,251	\$371,251
Wholesale farm supply warehouses	3	124,360	35,441
Wholesale fertilizer warehouses	3	261,861	85,429
Chemical and dry fertilizer plants	4	159,860	33,089
Liquid fertilizer plants	64	602,226	202,543
Seed, bean, and grain plants	6	1,023,766	318,083
Crude oil properties and equipment (leased)	-	1,221,003	654,795
Highway transports	22	454,984	45,994
Office	1	203,263	180,093
Petroleum tank farm and related facilities	-	1,211,042	1,096,579
Other facilities	-	864,789	564,009
Construction in progress	-	<u>4,794</u>	<u>4,794</u>
Total		6,503,199	3,592,100

The association also had an investment of \$852,028 in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

On June 30, 1961, Pacific Supply Cooperative had 279 employees. Of these, 77 were engaged in general administrative activities, 19 in manufacturing and processing operations, 113 in wholesale distribution, 35 in marketing farm products, and 35 in retail distribution.

## Farmers Cooperative Exchange, Inc.

Farmers Cooperative Exchange, Inc., commonly known as FCX, with headquarters at Raleigh, N. C., was organized on March 12, 1934. 4/ It serves approximately 187,000 member-patrons in North and South Carolina, with approximately 98 percent of them farmers. Approximately 90 percent of production supply or purchasing business was with farmer-patrons in fiscal 1961.

Supplies are distributed through 70 FCX centrally managed subsidiary retail service stores, 15 independent cooperative associations, and 175 independent dealer-agencies. Approximately 40 percent of FCX's wholesale supply volume moves through these private dealer-agencies.

FCX is a centralized cooperative with farmers holding direct membership in it. Any farmer may become a member by acquiring a \$1 share of common stock and agreeing to comply with the bylaws. Each member has only one vote.

FCX has 15 directors elected for staggered terms of 3 years at the annual meeting. Eleven directors are nominated on a district basis by owners of FCX common stock. One director is nominated by the Board of Directors of the North Carolina Cotton Growers Cooperative Association, one by the executive committee of the North Carolina Grange, and one by the executive committee of the North Carolina Farm Bureau Federation. One is a public director selected jointly by the North Carolina Commissioner of Agriculture, the Director of North Carolina Extension Service, and the President of Greater North Carolina University.

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4/ The operations of FCX are closely related to those of the North Carolina Cotton Growers Cooperative Association. The same general manager serves both organizations. The cotton handled by the North Carolina Cotton Growers was valued at \$8,725,000 for the 1960-61 season, and its net worth on June 30, 1961, was \$1,232,000.

FCX distributed supplies at wholesale for the fiscal years ending June 30, 1960 and 1961, as follows:

Commodities	:	1960	:	1961
Feeds and grains		\$11,084,129		\$11,970,240
Fertilizer		4,513,352		5,670,221
Seed		1,629,098		1,781,562
Paint		169,634		238,178
Electrical appliances		268,295		307,809
Oil, tires, and tubes		647,054		826,721
Sprays and dusts		1,517,012		1,758,025
Miscellaneous farm supplies <u>1/</u>		<u>1,576,661</u>		<u>3,194,718</u>
Total		21,405,235		25,747,474

1/ Includes such items as steel, asphalt, building materials, farm tools, poultry and dairy equipment, medicines, and salt.

Value of supplies distributed at retail by FCX subsidiary service stores was \$18,872,398 in fiscal year 1960 and \$21,457,730 in 1961.

Value of farm products marketed in the last 2 fiscal years was:

Commodities	:	1960	:	1961
Grains		\$3,114,559		\$4,281,550
Eggs and poultry		2,334,423		5,309,908
Livestock		412,371		598,110
Miscellaneous (mostly food)		<u>3,082</u>		<u>177,706</u>
Total		5,864,435		10,367,274

Total net margins of FCX's wholesale, retail, and marketing system available to patrons and their distribution for fiscal years ended in 1960 and 1961 were:

Distribution of net margins	: 1960	: 1961
Cash dividends on capital stock	\$320,309	\$360,478
Patronage refunds paid in capital stock and debentures	0	0
Additions to capital reserves	<u>75,830</u>	<u>32,623</u>
Total	396,139	393,101

The amount of capital stock and debentures retired in 1959-60 totaled \$210,412 and in 1960-61 it was \$288,388.

Total net margins available for distribution to patrons of the combined FCX system since 1934 have been \$11,170,043. Of this amount, FCX paid \$3,705,191 as cash dividends on capital stock; declared \$5,549,745 as patronage refunds and paid them in capital stock and debentures; and retained the remaining \$1,915,107 for capital as general reserves. It has retired \$5 million of such capital stock and debentures since 1934.

The financial condition of FCX and its retail subsidiaries as of June 30, 1960 and 1961, is shown in the following statement:

Item	: 1960	: 1961
<b>Assets:</b>		
Current assets	\$11,153,887	\$12,996,699
Fixed assets (net)	6,201,358	6,948,267
Other assets	<u>1,396,990</u>	<u>1,440,910</u>
Total	18,752,235	21,385,876
<b>Liabilities and net worth:</b>		
Current liabilities	3,930,097	5,341,364
Other liabilities	2,453,377	2,377,716
Net worth (capital and reserves)	<u>12,368,761</u>	<u>13,666,796</u>
Total	18,752,235	21,385,876



The net worth or member and patron equities of the association on June 30, 1961, consisted of the following items:

Item	: Amount
Capital stock--common	\$187,648
Capital stock--preferred	7,311,775
Patronage refund credits on Class D preferred stock	389,159
Subordinated debentures:	
Investment--5 percent; 1963-70 series	3,658,850
Patronage refunds--1965-67 series	407,614
Capital reserves (for self-insurance, inventory decline, and working capital)	<u>1,711,750</u>
Total	<u>13,666,796</u>

The number and value of facilities (buildings and equipment, by plants) owned and operated by FCX and its affiliated service stores and marketing units on June 30, 1961, were:

Facilities	: Number of : plants or units:	: Cost : value	: Depreciated : value
Regional--wholesale, manu- facturing, and marketing:			
Land	-	\$285,000	\$285,000
Farm supply warehouses	5	870,000	594,709
Equipment in warehouses and plants <u>1/</u>	-	2,002,000	1,572,506
Fertilizer mixing plants	2	912,665	434,868
Seed cleaning plants	4	112,000	91,085
Food processing	-	-	123,855
Feed mill	1	653,246	413,529
Grain elevator	2	225,000	172,797
Office building	1	<u>380,000</u>	<u>327,438</u>
Subtotal		5,439,911	4,015,787
Local--retail and marketing:			
Land	-	461,793	461,793
Farm supply stores <u>2/</u>	47	1,460,000	1,243,807
Seed cleaning plants	15	95,000	55,593
Equipment in warehouses and plants <u>1/</u> <u>3/</u>	-	1,690,957	840,557
General delivery trucks	260	<u>815,103</u>	<u>330,730</u>
Total		9,962,764	6,948,267

1/ Exclusive of seed cleaners and trucks.

2/ Represents stores operating in buildings owned by FCX.

3/ Includes custom-mixed mills.

FCX and Southern States Cooperative, Inc., also jointly manufacture feed in Norfolk and Roanoke, Va., and fertilizer in Norfolk. The FCX investment in these facilities and in federations of regional cooperatives that operated manufacturing and wholesale facilities amounted to \$127,400 on June 30, 1961.

On June 30, 1961, the FCX system had 815 employees. Of these, 260 were engaged primarily in general and administrative activities, 175 in manufacturing and processing operations, 60 in wholesale distribution including warehousing and transportation, 250 in retail distribution, and 70 in marketing.

## Tennessee Farmers Cooperative

Tennessee Farmers Cooperative, La Vergne, Tenn., referred to as TFC, was organized on September 27, 1945. At the end of 1961, it was serving 92 county cooperatives in Tennessee, with 85 of them members. These associations were serving about 90,000 patrons, 90 percent of them farmers. Five of the locals were under management and financing arrangements with the State association.

Membership is obtained by purchasing a \$100 share of common stock and agreeing to provisions of the bylaws. Each member association has only one vote. The State association has seven directors elected by districts for staggered terms of 3 years and one public director elected by the seven.

Tennessee Farmers Cooperative is independent of the Tennessee Farm Bureau Federation, but a director may serve on the board of both organizations. The same relationship exists among the county cooperatives and county farm bureaus.

In April 1961, TFC acquired a grain elevator and for the first time entered into marketing. Volume of business in marketing amounted to \$546,000 in 1961, principally in wheat and soybeans.

Tennessee Farmers Cooperative distributed supplies at wholesale during fiscal years ended December 31, 1960 and 1961, as follows:

Commodities	: 1960	: 1961
Feed	\$4,863,507	\$6,074,005
Fertilizer	7,810,349	8,177,104
Seed	2,752,672	2,949,049
Building supplies and hardware	2,296,750	2,964,156
Petroleum products, including tires	4,232,922	4,257,558
Agricultural chemicals	754,266	1,138,969
Total	22,710,456	25,560,841

Net margins available to patrons and their distribution in 1960 and 1961 were:

Distributions of net margins :	1960	: 1961
Cash dividends on capital stock	\$215,384	\$255,701
Patronage refunds paid in preferred stock	625,240	668,210
Additions to allocated reserves	85,000	85,000
Total	925,624	1,008,911

In addition to net margins available to patrons at the end of 1960, the association paid out \$651,874 in cash during the year to the county cooperatives on special performance programs. The amount of such refunds in 1961 was \$783,544.

TFC has operated on a revolving capital plan, which has not been under a firm advance commitment. Allocated reserves are now revolved on an 8-year basis and preferred stock on a 10-year basis. In 1961 the association paid back \$82,544 of allocated reserves and recalled all preferred stock issued in 1950 which amounted to \$169,520. By the end of 1961 it had retired reserves through 1953 and provision to retire 1954 reserves during 1962 was made.

Total net margins available for patrons since organization in 1945 have been \$5,929,900. Of this amount, the association paid \$1,214,840 as cash dividends on capital stock, \$56,151 in cash patronage refunds, \$3,639,860 as patronage refunds in capital stock, and retained \$1,019,049 as patrons' allocated reserves. The cooperative has retired member equities totaling \$549,258 since organizing. In addition, it has paid a considerable amount to local cooperatives for special performance under various programs.

The financial condition of Tennessee Farmers Cooperative on December 31, 1960 and 1961, is shown in the following condensed statement:

Item	:	1960	:	1961
<b>Assets:</b>				
Current assets		\$3,243,358		\$3,692,366
Fixed assets (net)		2,348,898		3,248,143
Other assets		780,809		762,314
Total		<u>6,373,065</u>		<u>7,702,823</u>
<b>Liabilities and net worth:</b>				
Current liabilities		1,480,295		1,909,599
Other liabilities		184,420		119,380
Net worth or member and patron equities		<u>4,708,350</u>		<u>5,673,844</u>
Total		<u>6,373,065</u>		<u>7,702,823</u>

The net worth or member and patron equities of the association on December 31, 1961, consisted of the following items:

Item	:	Amount
Preferred stock		
(\$10 par value)		\$4,494,910
Common stock		
(\$100 par value)		8,500
Patronage refunds payable		
in preferred stock		668,210
Patrons' allocated reserves		469,789
Reserve for contingencies		<u>32,435</u>
Total		<u>5,673,844</u>

On December 31, 1961, about 70 percent of the association's preferred stock represented patronage refunds and the remaining 30 percent had been sold to member associations and others.

The operating facilities (buildings and equipment, by plants) owned by Tennessee Farmers Cooperative on December 31, 1961, were:

Facilities	:Number of: :plants or: : units :	Cost value	:Depreciated : value :
Land (acres)	207	\$137,007	\$137,007
Fertilizer plants	3	941,276	368,327
Seed plants	2	246,537	154,137
Grain elevators	2	292,107	283,900
Warehouses	3	477,463	373,743
Automotive equipment	15	126,998	47,279
Feed mills	2	1,870,898	1,515,324
Tire recapping plant	1	86,703	60,705
Office building	1	244,990	231,813
Other	-	147,269	75,908
Total		4,571,248	3,248,143

Tennessee Farmers Cooperative also had \$530,012 invested in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

As of December 31, 1961, the cooperative had 293 employees. Of this number, 60 were engaged in general and administrative activities, 168 in manufacturing or processing supplies, and 65 in wholesale distribution including warehousing and transportation.

### Pennsylvania Farm Bureau Cooperative Association

Pennsylvania Farm Bureau Cooperative Association, with headquarters at Harrisburg, Pa., was organized in 1934. At the close of 1961, it was serving 33 member associations operating on a countywide basis, with



70,000 patrons, 92 percent of them farmers. Fifteen of the county associations were under management of the State association.

Supplies also were distributed by 9 retail stores and 19 private dealer-agents who operated directly through the Farm Bureau Cooperative Distribution Association, Harrisburg, Pa. During 1961, it had 20,000 patrons, approximately 93 percent of them farmers. The total service area of the State association comprised 53 counties in Pennsylvania.

Membership in the association is limited to local agricultural co-operatives and is obtained by acquiring a \$25 share of common stock and agreeing to comply with the bylaws. Each association has only one vote. The association has 33 directors, one from each of its member associations, elected for staggered terms of 3 years.

This regional cooperative distributed supplies at wholesale for the fiscal years ended December 31, 1960 and 1961, as follows:

Commodities	:	1960	:	1961
Feed		\$7,795,506		\$8,129,564
Fertilizer		3,115,952		3,142,881
Seed		1,122,664		1,076,409
Petroleum products		7,862,726		8,165,916
Tires, tubes, and other accessories		729,790		706,252
Farm machinery and parts		22,407		0
Farm equipment		1,118,195		1,140,544
Steel products		884,298		876,297
Lumber, paint, and other maintenance equipment		187,426		190,462
Insecticides		693,452		691,077
Electrical equipment and appliances		147,858		108,647
Twine		341,850		293,655
Chicks, turkeys, and broilers		496,491		573,786
Total		24,518,615		25,095,490

The value of grain marketed by the association was \$628,730 in 1960 and \$736,257 in 1961.

Net margins available to patrons and their distribution during the last 2 years were:

Distribution of net margins	: 1960	: 1961
Cash dividends on capital stock	\$115,147	\$128,660
Patronage refunds:		
Capital stock	0	0
Cash	278,025	239,398
Additions to capital reserves	<u>31,040</u>	<u>6,831</u>
Total	424,212	374,889

Almost all net margins in 1960 and 1961 were derived from farm supply operations with only a small percent from marketing operations.

Total net margins available to patrons since organization in 1934 have been \$8,873,661. Of this amount, \$1,980,194 was paid as cash dividends on capital stock; \$1,339,536 was paid currently as patronage refunds in cash; \$3,316,280 was paid as patronage refunds in capital stock; and the remaining \$2,237,651 was retained as capital reserves.

The financial condition of Pennsylvania Farm Bureau Cooperative Association on December 31, 1960 and 1961, was:

Item	: 1960	: 1961
Assets:		
Current assets	\$3,719,689	\$3,728,333
Fixed assets (net)	1,768,715	1,860,844
Other assets	<u>4,403,612</u>	<u>4,760,830</u>
Total	9,892,016	10,350,007
Liabilities and net worth:		
Current liabilities	1,718,319	1,779,078
Other liabilities	1,123,999	1,673,548
Net worth (capital and reserves)	<u>7,049,698</u>	<u>6,897,381</u>
Total	9,892,016	10,350,007

The net worth or member and patron equities of the association on December 31, 1961, consisted of the following items:

Item	: Amount
Preferred stock	\$2,492,650
Common stock	2,744,850
Reserves--allocated	<u>1,659,881</u>
Total	<u>6,897,381</u>

The major portion of the outstanding common stock is represented by retained patronage refunds, with the minor portion being purchased. All of the preferred stock outstanding has been purchased.

The association held investments of \$4,731,454 in federated regional and national cooperatives and allied companies which owned various manufacturing and wholesaling facilities.

On December 31, 1961, the principal operating facilities of Pennsylvania Farm Bureau Cooperative Association consisted of the following:

Facilities <u>1/</u>	: Number of: : plants or: : units :	Cost value	: Depreciated : value
Land	-	\$136,053	\$125,753
Feed mill and seed cleaning plant	1	917,198	440,791
Wholesale farm supply warehouses	2	271,406	99,354
Office building	1	502,789	270,804
Transport trucks and trailers	49	495,514	281,093
Hatcheries	2	185,713	73,664
Poultry breeding farm	1	<u>2/</u> 176,803	43,951
Feed evaluation farm	1		44,942
Automobiles	7	16,930	10,166
Miscellaneous	-	489,479	406,930
Bulk feed terminal	1	<u>74,601</u>	<u>63,396</u>
Total		3,275,486	1,860,844

1/ Buildings and equipment combined for each plant or warehouse.

2/ Includes cost value of poultry breeding and feed evaluation farms.

On December 31, 1961, Pennsylvania Farm Bureau Cooperative Association had 309 employees. Of these 207 were engaged in general and administrative activities, 38 in manufacturing and processing operations, and 64 in wholesale distribution, including warehousing and transportation.

## Central Cooperatives, Inc.

Central Cooperatives, Inc., often referred to as CCI, with headquarters at Superior, Wis., was organized on September 16, 1917. At the close of its operating year on November 30, 1961, it was serving 242 member and 50 nonmember cooperatives in the northern parts of Michigan, Wisconsin, Minnesota, and some parts of North Dakota and South Dakota. These cooperative outlets served approximately 100,000 patrons, 75 percent of them farmers. None of these local cooperatives were operating under management or supervision agreements with CCI.

Membership in CCI is obtained by acquiring a \$100 share of common stock and agreeing to comply with its bylaws. Each member cooperative has one vote for every 50 members in the local cooperative, provided it owns one share of CCI's common stock for each 50 members. CCI has 11 directors elected on a district basis for staggered terms of 3 years.

This association distributed supplies at wholesale during fiscal years ended November 30, 1960 and 1961, as follows:

Commodities	: 1960	: 1961
Feed	\$2,064,764	\$2,155,610
Fertilizer	317,000	351,500
Seed	127,000	95,700
Petroleum products	2,293,231	2,486,208
Tires, tubes, and other accessories	473,291	491,217
Steel products	171,252	185,641
Lumber, paints, and other maintenance equipment	378,080	377,025
Insecticides	45,082	48,518
Electrical equipment and appliances	489,488	423,240
Hardware	537,850	539,648
Twine	108,094	161,010
Coal	65,470	66,582
Groceries	6,940,090	7,379,279
Fresh fruits and vegetables	717,645	718,379

(Tabulation continued on next page.)

(Continued)

Commodities	: 1960	: 1961
Bakery products	\$408,414	\$409,676
Coffee	467,712	451,839
Clothing	1,034,758	1,024,479
Plumbing and heating equipment	270,604	350,817
Printing	<u>361,586</u>	<u>353,089</u>
Total	17,271,411	18,069,457

Net margins, after income taxes, available to patrons and their distribution in fiscal years ended in 1960 and 1961 were:

Distribution of net margins:	1960	: 1961
Cash dividends on capital stock	\$ 26,504	\$28,259
Patronage refunds in capital stock	82,518	157,090
Additions to unallocated surplus	<u>6,864</u>	<u>10,949</u>
Total	115,886	196,298

Stocks or certificates amounting to \$66,300 originally issued in payment of patronage refunds, were retired in 1961. The association has now retired all such stock or certificates through 1943 under its revolving capital plan.

Total net margins available for patrons since organization have been \$5,345,437. Of this amount, CCI paid \$624,071 as dividends on capital stock and \$4,338,358 as patronage refunds in capital stock, and retained the remaining \$383,008 as unallocated surplus. It has retired a total of \$534,800 of capital stock representing patronage refunds under its revolving capital plan.



The financial condition of CCI on November 30, 1960 and 1961, was as follows:

Item	:	1960	:	1961
<b>Assets:</b>				
Current assets		\$3,658,728		\$3,735,617
Fixed assets (net)		613,512		570,409
Other assets		<u>1,853,011</u>		<u>2,458,257</u>
Total		6,125,251		6,764,283
<b>Liabilities and net worth:</b>				
Current liabilities		936,280		1,016,351
Long-term notes		857,978		1,381,111
Net worth (capital and reserves)		<u>4,330,993</u>		<u>4,366,821</u>
Total		6,125,251		6,764,283

The net worth or member and patron equities of the association on November 30, 1961, consisted of the following items:

Item	:	Amount
Preferred stock (par \$25)		\$566,175
Common stock (par \$100)		3,242,200
Share credits		18,348
Patronage refunds payable in stock		157,090
Surplus reserve		<u>383,008</u>
Total		4,366,821

On November 30, 1961, principal facilities (buildings and equipment, by plants) owned and operated by CCI consisted of the following:

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value :
Land	-	\$67,074	\$67,074
Warehouse and office (buildings and equipment)	4	478,126	262,374
Bakery (building and equipment)	1	125,587	21,370
Coffee roasting plant (equipment)	1	21,625	3,191
Feed mill (building and equipment)	1	183,739	27,913
Garage and delivery equipment	22	368,676	125,542
Printing (building and equipment)	1	<u>76,482</u>	<u>62,945</u>
Total		1,321,309	570,409

CCI also had \$2,458,257 invested in federations of regional cooperatives operating various manufacturing and wholesaling facilities.

On November 30, 1961, CCI had 252 employees. Of these, 124 were engaged in general and administrative activities, 49 in manufacturing and processing operations, and 79 in wholesale distribution, including warehousing and transportation.

### Farm Bureau Services, Inc.

Farm Bureau Services, Inc., with headquarters at Lansing, Mich., was organized on October 25, 1929, to provide a cooperative wholesale supply service for farmer cooperatives in Michigan. At the end of its fiscal year on August 31, 1961, this cooperative had 129 member associations. It also served 104 nonmember associations (patronage agreement dealers) and 145 private dealer outlets, and 20 branch retail outlets. Farmers represented approximately 90 percent of the 100,000 patrons of all these retail outlets. Farm Bureau Services, Inc., managed 20 of the member associations under management contracts and business service agreements.

Farm Bureau Services, Inc., is both a federated and a centralized cooperative, and performs both wholesale and retail services. Local farmer cooperatives may become members by acquiring one share of Class A common stock, which has no par value, and agreeing to comply with the bylaws. Each share carries one vote. Michigan Farm Bureau Federation holds a majority of the outstanding shares. Membership in the local cooperatives is not limited to Farm Bureau members.

Individual farmers who are served primarily by retail branches or dealer-agents of the State organization may become members of Farm Bureau Services, Inc., by acquiring one share of common stock at \$1 par value or signing a membership agreement if annual purchases of supplies exceed \$200. This stock also has voting rights. There were approximately 15,800 of these members at the end of the 1961 fiscal year.

The board of nine directors of Farm Bureau Services, Inc., is made up of five members of the Michigan Farm Bureau board and four members elected from the State at large by local member cooperatives. Term of office is 1 year.

The regional's wholesale division distributed supplies during the fiscal years ended August 31, 1960 and 1961, as follows:

Commodities	1960	1961
Feed	\$4,411,371	\$5,557,622
Fertilizer	5,297,365	5,576,121
Seed	1,119,990	1,133,024
Insecticides	96,516	283,142
Steel products	1,459,378	)
Lumber, paint and other		)
maintenance equipment	1,112,854	) 3,354,852
Coal	179,040	)
Dairy and appliances	<u>89,651</u>	<u>0</u>
Total	13,766,165	15,904,761

Beginning January 1, 1949, the distribution of petroleum products was transferred from Farm Bureau Services, Inc., to a separate corporation, The Farmers Petroleum Cooperative, Inc., Lansing, Mich. Its volume of business for the year ended August 31, 1960, was \$11,065,084, and net savings totaled \$306,252. For the year ended August 31, 1961, its sales were \$10,857,278, and net savings \$392,221.

This wholesale volume included the supplies transferred to its own retail branch outlets amounting to \$7,179,742 in 1960, and \$4,034,009 in 1961. The retail value of supplies distributed through branch outlets owned by the association amounted to \$10,437,214 in 1960, and \$6,119,189 in 1961. (These volumes were substantially less in 1961 because all wholesale sales formerly shown as "branch volume" were excluded.)

Farm Bureau Services, Inc., also marketed the following products:

Commodities	:	1960	:	1961
Grain		\$2,458,173		\$3,008,642
Beans		510,791		692,789
Eggs and poultry		<u>764,678</u>		<u>1,529,818</u>
Total		3,733,642		5,231,249

Total net margins, after Federal income taxes, available to patrons from all operations, and their distribution for 1960 and 1961 fiscal years were:

Distribution of net margins:	1960	:	1961
Cash dividends on capital stock	\$22,869		\$24,207
Patronage refunds payable in capital stock	95,379		224,224
Additions to capital reserves	<u>19,915</u>		<u>39,169</u>
Total	138,163		287,600

In 1959-60, the association retired stock or certificates amounting to \$246,770, originally issued in payment of patronage refunds. In 1960-61, it retired \$15,140. The association has now retired all such stock or certificates through 1947 under its revolving capital plan.

Total net margins, after Federal income taxes, since organizing in 1929 have been \$5,803,881. Of this amount, the association paid \$620,097 as cash dividends on capital stock, \$43,497 as cash patronage refunds, \$4,615,326 as patronage refunds in the form of capital stock and debentures, and retained the remaining \$524,961 in general reserves. The association has retired a total of \$1,371,279 of capital stock and debentures under its revolving capital plan of financing since organization.

The financial condition of Farm Bureau Services, Inc., as of August 31, 1960 and 1961, is shown by the following condensed statement:

Item	:	1960	:	1961
<b>Assets:</b>				
Current assets		\$4,932,777		\$4,900,947
Fixed assets (net)		3,810,931		3,712,290
Other assets		<u>1,170,620</u>		<u>1,150,305</u>
Total		9,914,328		9,763,542
<b>Liabilities and net worth:</b>				
Current liabilities		2,131,838		1,654,505
Other liabilities		600,600		370,150
Debentures, capital stock and patrons' equities		<u>7,181,890</u>		<u>7,738,887</u>
Total		9,914,328		9,763,542

The debentures, capital stock, and patrons' equities of the association on August 31, 1961, consisted of the following items:

Item	:	Amount
<b>Subordinated debentures:</b>		
Series A - 5½ percent - 15-year		\$823,850
Series A - 5 percent - 15-year		3,104,350
Series A - 4 percent - 10-year		3,050
Series B - 3 percent - 15-year		150,930
<b>Capital stock and credits:</b>		
Class A common		92,945
Class A preferred		185,520
Class AAA preferred		748,330
Class B preferred		1,081,310
Fractional share credits		220,697

(Tabulation continued on next page.)



(Continued)

Items	: Amount
Patrons' equities:	
Allocated patronage refunds	\$798,933
Reserve for operating capital	304,748
Patronage dividends payable for current year	<u>224,224</u>
Total	7,738,887

Type and value of the principal operating facilities (buildings and equipment, by plants) owned on August 31, 1961, were:

Facilities	:Number of: :plants or: : units :	Cost value	:Depreciated : value :
Wholesale and marketing (including land):			
Egg marketing building and equipment	1	\$146,434	\$127,458
Wholesale farm supply warehouse	3	272,856	201,761
Seed cleaning plant and warehouse	1	393,008	272,554
General delivery trucks	99	258,898	89,051
Office equipment - main office	1	212,448	86,140
Transportation department trucks, trailers, and trailer-tractor units	10	99,875	33,124
Fertilizer manufacturing plants	2	<u>3,133,264</u>	<u>1,495,673</u>
Total		4,516,783	2,305,761
Retail:			
Retail farm supply branches	20	2,055,940	1,324,624
Portable feed mixing units	8	113,658	56,126
Retail gasoline station and garage (leased)	-	<u>48,786</u>	<u>25,779</u>
Total		<u>2,218,384</u>	<u>1,406,529</u>
Grand total		6,735,167	3,712,290

Farm Bureau Services also had \$977,511 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

At the end of its fiscal year on August 31, 1961, Farm Bureau Services, Inc., had 490 employees. Of these, 51 were engaged in general administrative activities, 86 in manufacturing and processing operations, 39 in egg marketing, 77 in wholesale distribution, 182 in retailing and marketing, and 55 in handling contractual services for the affiliated Michigan Farm Bureau.

## Farmers Union State Exchange

Farmers Union State Exchange, with headquarters at Omaha, Nebr., was organized in 1914. On September 30, 1961, it was serving 426 member associations with 194,686 patrons, 77 percent of them farmers. Through 57 independent dealers, it reached an estimated 10,000 patrons, 95 percent of them farmers. No member cooperatives were under management and financing agreements with the Exchange.

The Exchange also has 3,760 individual farmer members. Most of them became members in the early days of the Exchange when it did a mail order business. Some are located in areas served by dealer agents. The stock of these members is being retired gradually. Thus, in effect the Exchange operates as a federated organization.

Membership in the Exchange is obtained by purchasing a \$12.50 share of common stock and agreeing to the provisions of the bylaws. Each member has only one vote. The Exchange has seven directors elected at large for staggered terms of 3 years. The Exchange is organized independently of the Nebraska Farmers Union, but works closely with that organization, and in turn its members account for a large portion of the sales of State Exchange merchandise.

The Exchange distributed supplies at wholesale during fiscal years ended on September 30, 1960 and 1961, as follows:

Commodities	:	1960	:	1961
Feed, seed, fertilizer, and insecticides		\$1,418,444		\$1,704,153
Gasoline, oil, and grease		7,612,822		7,269,208
Tires, tubes, and other accessories		614,630		549,354
Farm machinery equipment, fencing, hardware, and twine		636,858		947,044
Paint		58,358		64,760
Roofing		88,935		96,761
Miscellaneous		<u>78,643</u>		<u>13,393</u>
Total		10,508,690		10,644,673

The Exchange also had retail sales of \$60,646 in 1960 and \$48,978 in 1961.

Total net margins available to patrons from all operations and their distribution for the 1960 and 1961 fiscal years were:

Distribution of net margins	:	1960	:	1961
Cash dividends on capital stock		\$42,918		\$45,918
Patronage refunds allocated as member equities		<u>633,592</u>		<u>486,525</u>
Total		676,510		532,443

The association distributed its net margins in the following manner: Earnings received from manufacturing cooperatives are paid in the same form as received. All earnings from wholesale brokerage and merchandising operations are paid one-half in shares of stock and one-half in 10-year patronage dividend notes.

During the fiscal year 1960, patronage dividend notes and debentures amounting to \$403,959, originally issued in payment of patronage refunds, were retired in cash. The amounts retired in fiscal year 1961 totaled \$675,133. Retirement of these member equities is not on a definite revolving schedule, but entirely at the discretion of the board of directors and the shareholders.

The financial condition of the Farmers Union State Exchange on September 30, 1960 and 1961, is shown in the following condensed statement:

Item	:	1960	:	1961
Assets:				
Current assets		\$1,689,899		\$1,624,731
Fixed assets (net)		350,341		313,164
Other assets		<u>2,565,677</u>		<u>2,488,260</u>
Total		4,605,917		4,426,155
Liabilities and net worth:				
Current liabilities		573,568		453,306
Other liabilities		456,989		464,075
Net worth or member and patron equities		<u>3,575,360</u>		<u>3,508,774</u>
Total		4,605,917		4,426,155

The net worth or member and patron equities of the association on September 30, 1961, consisted of the following:

Item	:	Amount
Capital stock--common		\$1,147,963
Capital stock credits		17,339
Subordinated debentures		2,026
Special reserve accounts		23,443
General surplus		161,744
Allocated surplus		<u>2,181,728</u>
Total		3,534,243

On September 30, 1961, the Exchange had principal operating facilities (buildings and equipment, by plants) as follows:

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
Fertilizer plant	1	\$65,664	\$56,911
Office building and warehouse	1	297,912	183,368
Lubricating oil compounding plant	1	179,500	15,000
Transport trucks (5) and general delivery trucks (3)	8	140,968	49,600
Truck garages	2	<u>22,294</u>	<u>8,285</u>
Total		706,338	313,164

The Exchange also had \$2,272,470 invested in federations of regional cooperatives that operated various manufacturing and wholesaling facilities.

At the close of the 1961 fiscal year, the Exchange had 115 employees. Of these, approximately 31 were engaged in general and administrative activities, 27 were in manufacturing or processing operations, and 57 were in wholesale distribution, including warehousing and transportation.

### Southern Farmers Association

(Formerly Arkansas Farmers Association)

Southern Farmers Association, referred to as SFA, with headquarters in North Little Rock, Ark., was organized in 1945. As of June 30, 1961, SFA served 47 local member associations which operated 53 retail outlets and 8 nonmember local cooperatives. These outlets in turn served approximately 30,000 farmers. None of the member cooperatives were under management or supervision agreements with SFA.

Membership in SFA is limited to local cooperatives and is obtained by purchasing a \$100 share of common voting stock and agreeing to the provisions of the bylaws. Each member association has only one vote.



SFA has 12 directors. Of these, 10, or 2 from each of 5 districts, are elected for staggered terms of 3 years. In addition, one director is elected for a term of 1 year from the district purchasing the largest dollar volume from SFA during the preceding year, and one director is elected for 1 year who shall be the president of the managers' association. SFA was first organized as the Arkansas Farm Bureau Cooperative, but is now independent of any farm organization in the State.

This cooperative distributed supplies at wholesale during fiscal years ended June 30, 1960 and 1961, as follows:

Commodities	: 1960	: 1961
Feed (direct and warehouse)	\$4,608,131	\$4,567,163
Seed	820,316	854,614
Insecticides	335,342	416,469
Fertilizer	885,286	903,442
Petroleum products (including TBA items)	1,636,774	1,913,879
General farm supplies	<u>664,313</u>	<u>1,069,392</u>
Total (net)	8,950,162	9,724,959

Net savings available to patrons and their distribution in fiscal years ending in 1960 and 1961 were:

Distribution of net margins	: 1960	: 1961
Dividends on preferred stock	\$19,218	\$20,127
Cash patronage refunds	44,137	43,103
Patronage refunds issued in preferred stock	22,730	26,071
Additions to capital reserves	<u>45,517</u>	<u>26,873</u>
Total	131,602	116,174

The association retired, in cash or by application on receivables, certificates of equity amounting to \$114,851 in the fall of 1956 under a revolving capital plan. None have been retired since that time. It has now retired practically all such equities issued before 1953.

The financial condition of Southern Farmers Association on June 30, 1960 and 1961, was as follows:

Item	:	1960	:	1961
Assets:				
Current assets		\$1,193,971		\$1,287,119
Fixed assets		244,606		231,288
Other assets		73,367		73,234
Investment and equities in cooperatives		<u>105,326</u>		<u>126,499</u>
Total		1,617,270		1,718,140
Liabilities and net worth:				
Current liabilities		819,156		749,911
Other liabilities		119,079		104,810
Net worth or member and patrons' equities		<u>679,035</u>		<u>863,419</u>
Total		1,617,270		1,718,140

The net worth of member and patrons' equities of the association on June 30, 1961, consisted of the following items:

Item	:	Amount
Preferred stock		\$510,430
Common stock		4,700
Certificates of equity		322,217
Reserve for contingencies		(26,873)
Unallocated net savings for year ended 6/30/61 (after dividends on preferred stock)		<u>52,945</u>
Total		863,419

Facilities (building and equipment, by plants) owned and operated by SFA at the close of its 1961 fiscal year included:

Facilities	: Number of: : plants or: : units :	Cost value	: : : :	Book value
Land	-	\$18,099		\$18,099
Farm supply warehouse, equipment, and office	2	174,392		89,798
Seed plant (building and equipment)	1	93,195		48,867
Hatcheries--complete	1	98,801		59,275
Feed mill (began construction March '62)		-		-
Automobiles and trucks	-	<u>23,881</u>		<u>15,249</u>
Total		408,368		231,288

SFA also had \$98,076 of investments and patrons' equities in regional cooperatives and federations of regionals that were operating various manufacturing facilities. This did not include stock in the bank for cooperatives.

On June 30, 1961, SFA had 45 employees--15 engaged in general and administrative activities, 26 in wholesale distribution including warehousing, and 4 in seed processing and warehousing.

### Poultrymens Cooperative Association

Poultrymens Cooperative Association, commonly called PCA, with headquarters in Los Angeles, Calif., was organized in January 1931. It was formed to acquire most of the physical assets and business of cooperative egg marketing and poultry feed milling associations owned by poultrymen in the area.

PCA is a centralized cooperative which had 1,329 members on March 31, 1961. It serves an area comprising most of eight counties in the vicinity of Los Angeles. Approximately 98 percent of its production supply or purchasing business was done with farmer patrons in 1961.

Any person, company, corporation, or partnership engaged in poultry and egg production is eligible for membership, provided the operator has a project consisting of 400 laying hens or its equivalent. The membership fee is \$10. Each member has a minimum of one vote and receives an additional vote for each \$5,000 of yearly business with the association up to a maximum of five votes.

PCA has seven directors elected by districts on a staggered basis for terms of 3 years. Each district has an informal local organization that functions in an advisory capacity to PCA and as an educational agency for its members.

PCA serves feed and supply patrons through seven branch plants in addition to the headquarters facilities. The central plant at Los Angeles consists of complete feed manufacturing and pelleting equipment, bulk grain storage, bulk feed delivery equipment, an egg handling department, central supply department, and general offices. All branches except two have feed manufacturing facilities. One is a retail store and one serves as an agency for handling PCA feeds. Bulk feed delivery is available in all districts. Eggs are candled and sold at the Los Angeles central plant.

PCA distributed supplies and equipment to patrons during the fiscal years ended March 31, 1960 and 1961, as follows:

Commodities	: 1960	: 1961
Feed	\$9,651,000	\$8,702,000
Miscellaneous supplies (mostly poultry supplies and equipment)	<u>316,000</u>	<u>363,000</u>
Total	9,967,000	9,065,000

Feed volume in the 1961 fiscal year was 129,700 tons, with about 91 percent delivered in bulk by 29 specially equipped trucks operated by the association. This compares with 135,000 tons in 1960 with 89 percent delivered in bulk by 28 trucks.

PCA has always performed egg marketing services for its members. Sales of eggs totaled \$2,066,000 during fiscal year 1960 and \$2,388,000 during 1961. A total of 5,950,000 dozen were marketed in 1961.

Net margins available to patrons and their distribution in 1960 and 1961 fiscal years were:

<u>Distribution of net margins : 1960 : 1961</u>		
Patronage refunds:		
Cash	\$355,013	\$281,058
Revolving fund credits	236,539	226,856
Additions to general reserves	<u>5,542</u>	<u>(19,222)</u>
Total	597,094	488,692

Net margins, or savings, are computed separately for the feed, supply, and egg departments and returned to all members on a patronage basis with the same rates declared for all branches. During 1961, about 55 percent of the feed, farm supply, and egg department overages on member business was paid as a cash refund. The remaining 45 percent was retained in the revolving fund.

During fiscal year 1960, PCA retired in cash \$384,348 of revolving fund credits for the 1953 fiscal year. During 1961, it retired credits of \$350,742 for the 1954 fiscal year.

Total net margins available to patrons since organizing in 1931 were \$12,052,861. Of this amount, PCA paid \$6,371,840 in cash patronage refunds on current year's business; and placed a total of \$4,455,057 in revolving fund credits. During this period, it has retired in cash \$2,290,518 of these revolving fund credits.

PCA has a system of financing that is typical of many cooperatives in the West. Practically all of its member capital is represented by a 7-year revolving fund. Capital is accumulated by retaining capital overcharges or markups on feed and supplies, which are added to the billing prices to members, and by retaining a fixed percent of the returns received for products marketed for members. These capital overcharges or retains are represented by the "revolving fund credits" shown in the "distribution of net margins" section of this report.

Mixed feed is the foundation of PCA's capital structure. Prices are determined weekly, based on replacement value of the feed ingredients plus estimated cost of milling, distribution, and general administrative expense.



To this is added a capital overcharge, which in recent years has been 15 cents per 100 pounds. Based on the capital needs to maintain a strong financial condition, about 10 cents of this 15 cents capital markup is placed in the revolving fund structure. The remainder, together with any savings made in achieving costs under original estimates, is returned to the membership as a cash patronage refund.

The financial condition of PCA on March 31, 1960 and 1961, is shown in the following condensed statement:

Item	:	1960	:	1961
Assets:				
Current assets		\$1,656,557		\$1,688,523
Fixed assets (net)		1,922,465		1,816,722
Other assets		<u>178,856</u>		<u>147,188</u>
Total		3,757,878		3,652,433
Liabilities and net worth:				
Current liabilities		858,879		914,043
Other liabilities		470,000		440,000
Member equities or net worth		<u>2,428,999</u>		<u>2,298,390</u>
Total		3,757,878		3,652,433

The net worth or member and patron equities of the association on March 31, 1961, consisted of the following items:

Item	:	Value
Membership fees		\$13,290
Revolving fund credits from 1953 to 1959, inclusive		2,164,539
General reserve		<u>120,562</u>
Total		2,298,391

On March 31, 1961, principal operating facilities (buildings and equipment, by plants) owned by PCA were:

Facilities	: Number of: : plants or: : units :	Cost value	: Depreciated : value
Land	-	\$129,111	\$129,111
Central feed mill, supply department, egg handling facilities, and general office	1	877,392	289,470
Branch stations and mills	6	1,981,888	1,266,463
Automobiles and trucks	-	<u>448,309</u>	<u>131,678</u>
Total		3,436,700	1,816,722

PCA also had \$8,588 invested in other regional cooperatives which operate various manufacturing or processing facilities.

On March 31, 1961, PCA had 175 full-time employees. Of these, 49 were engaged in general and administrative activities, 95 spent a majority of their time in feed and supply operations, and 31 spent most of their time in egg marketing operations.

# PART II

## Farm Production Supply Business of Three Major Regional Marketing Cooperatives

Three regional cooperatives, primarily marketing associations, reported their volume of production supply and equipment business and the net margins realized on these operations in 1960 and 1961. The first two are of the federated type and distribute farm supplies to local member associations. The third one is a centralized organization that distributes supplies direct to farmers through local branches.

### The Cotton Producers Association

The Cotton Producers Association, with headquarters in Atlanta, Ga., began handling farm production supplies in 1941. It serves 150,000 farmers in Georgia, Alabama, Northern Florida, and a small portion of Tennessee through 89 member associations and 24 dealer representatives.

Fertilizer, feed, seed, and other farm supplies were distributed to members during fiscal years ended June 30, 1960 and 1961, as follows:

Commodities	:	1960	:	1961
Feed		\$16,578,381		\$18,679,751
Fertilizer		6,381,183		7,251,140
Seed		1,337,770		1,399,871
Farm supplies		1,570,907		2,506,262
Pesticides		941,312		1,056,403
Baby chicks		<u>3,806,725</u>		<u>5,114,416</u>
Total		30,616,278		36,007,843

Net margins on these production supply operations amounted to \$2,960,349 in 1960, and to \$3,182,918 in 1961.

## Land O'Lakes Creameries, Inc.

Land O'Lakes Creameries, Inc., with headquarters in Minneapolis, Minn., was organized in 1921. It is a federated organization owned by 419 local member dairy marketing associations which in turn serve approximately 63,000 farmers. Land O'Lakes serves Minnesota, Wisconsin, North Dakota, and South Dakota.

Value of farm production supplies, poult, and equipment distributed at wholesale to members by the Land O'Lakes Creameries, Inc., for the years ended December 31, 1960 and 1961, was as follows:

Commodities	: 1960	: 1961
Feed	\$16,080,384	\$18,720,814
Fertilizer	3,459,120	4,056,499
Seed	1,255,257	1,213,793
Poult	<u>1,300,324</u>	<u>1,692,914</u>
Subtotal	22,095,085	25,684,020
Equipment (mostly plant; some dairy, poultry and other)	<u>5,681,155</u>	<u>5,697,899</u>
Total	27,776,240	31,381,919

Feed, seed, fertilizer, and poult are handled by the Agricultural Services Division. Net margins (after direct and indirect expenses) were \$1,685,665 in 1960, and \$1,818,263 in 1961. Equipment is handled by the Equipment Sales Division. Net margins realized were \$204,312 in 1960, and \$193,611 in 1961.

## Intermountain Farmers Association

(Formerly Utah Poultry and Farmers Cooperative)

Intermountain Farmers Association, with headquarters in Salt Lake City, Utah, was organized in 1923. It is a centralized organization which in 1961 directly served approximately 30,000 farmers in Utah and Southeastern Idaho through its headquarters and 25 branch stations.

Value of farm production supplies distributed directly to patrons by this cooperative during the years ended December 31, 1960 and 1961, was as follows:

Commodities	1960	:	1961
Feed	\$4,869,787		\$4,518,911
Fertilizer	561,620		525,607
Seed	126,540		239,961
Other farm supplies and equipment	<u>1,287,905</u>		<u>1,249,042</u>
Total	6,845,852		6,533,521

Net margins on these operations amounted to \$32,886 in 1960 and to \$101,575 in 1961.



# PART III

## Summary of 21 Major Regional Cooperatives

This section summarizes detailed information on the farm production supply operations of 21 regionals described in this report.

### Years Organized

The regional cooperatives were organized in the following years:

Year	: Number of : associations : organized	::	Year	: Number of : associations : organized
1914	1		1927	2
1916	1		1929	2
1917	2		1931	2
1918	1		1933	2
1920	1		1934	2
1923	2		1945	<u>2</u>
1926	1		Total	21

### Type and Number of Retail Outlets

The 21 cooperatives operated throughout most of the United States. In addition, a number of smaller and often specialized regional associations operated in the same areas. The 21 cooperatives distributed supplies through 7,724 retail outlets in 1959, and 7,897 in 1961. The type and number of outlets are shown in the following tabulation.

Type of retail outlet	: 1959 1/	: 1961
Local member cooperatives of regional associations:		
Not managed or supervised by regionals	4,334	4,504
Managed or supervised by regionals	319	346
Local nonmember cooperatives of regionals	853	822
Local cooperative service stores managed by regionals or subsidiaries and branches of regionals	693	754
Independent service agencies or dealer-agents	1,165	1,168
Farmer-representatives or farmer-agents	360	303
Total	7,724	7,897

1/ See General Report 89, Handbook on Major Regional Cooperatives Handling Farm Production Supplies, 1958 and 1959, by J. Warren Mather, January 1961.

The "local member cooperatives" included in this classification are independent organizations holding membership interests in the regional associations. The "nonmember cooperatives" are also independent but are patrons only of the regional cooperatives. The "managed cooperative service stores or subsidiaries and branches" are under direct management of the regionals. "Independent service agencies or dealer-agents" are independent concerns that perform a distributing service for the regional cooperatives in accordance with mutually agreeable policies. These plans include provisions for passing on to the farmers the patronage refunds distributed by the regionals. Similarly, the "farmer-representatives" or "farmer-agents" are farmers who serve as distributing agents for the regionals. The association reports in Part I give more detailed information on the character of local service outlets.

### Number of Patrons Served

The number of patrons served by the 21 regional cooperatives during fiscal years ended in 1959 and 1961 was:

Fiscal year	Farmers		Nonfarmers	
	Total	Percent of patrons	Total	Percent of patrons
1959 <u>1/</u>	3,078,470	90.2	332,607	9.8
1961	3,133,045	90.4	333,122	9.6

1/ See General Report 89, Handbook on Major Regional Cooperatives Handling Farm Production Supplies, 1958 and 1959, by J. Warren Mather, January 1961.

## Membership Requirements

The financial requirements for membership reported by the 21 associations were:

Requirements	: Number of : cooperatives
<b>Capital stock:</b>	
One \$1 share by farmer	2
One \$5 share by farmer	1
One \$12.50 share by local cooperative	1
One \$25 share by local cooperative	4
One \$100 share by local cooperative	5
Ten \$100 shares by local cooperative	1
One \$1 share by farmer; one no par share by local cooperative	1
One no par share by local cooperative	1
<b>Membership fee:</b>	
One \$2.50 membership by farmer	1
One \$10 membership by farmer	2
<b>Other:</b>	
Patronize the cooperative, provided patron is a farmer or farmer cooperative	<u>2</u>
<b>Total</b>	<b>21</b>

## Voting Provisions

The voting provisions reported by the 21 associations were:

Provisions	: Number of : associations
One vote per share of stock carrying voting privileges	3
One vote per member cooperative or member farmer	13
One voting delegate for every 100 members or common stockholders	1
One vote for each member association plus additional votes based on business transacted	1
One vote for each member plus one vote for each \$500 patronage annually	1
One vote for every 50 members in the local cooperative providing it owns one share of common stock for each 50 members	1
One vote for each member plus one vote for each \$5,000 yearly business up to five votes	<u>1</u>
<b>Total</b>	<b>21</b>

## Number, Term, and Selection of Directors

Data on number, term, and selection of directors of the associations follow:

Number of directors and method of selection		: Number of
		: associations
<hr/>		
Elected directly by members		
0	<u>1/</u>	1
4		1
6		1
7		4
9		1
10		4
11		3
12		1
13		1
16		1
22		1
33		1
57		<u>1</u>
Total		21
Appointed, nominated, or elected by		
general farm organizations		
1		1
2		1
3		1
4		1
5		1
6		1
26		<u>1</u>
Total		7
Appointed as public directors by		
cooperatives' boards of directors		
or by public agencies		
1		3
6		<u>1</u>
Total		4
<hr/>		

1/ All directors were elected by the general farm organization members rather than by delegates representing the regional's member local associations.

Of 21 associations reporting terms of their elected directors, 15 stated they elected their directors for 3-year terms, 3 elected theirs for 2-year terms, and 3 elected theirs for 1-year terms. All with 2-year and 3-year terms were elected on a staggered basis.

Terms of the directors from farm organizations and those appointed as public directors varied from 1 to 3 years in duration.

### Number of Employees

The number of employees engaged in different types of activities in the 21 regionals at the close of fiscal years ended in 1959 and 1961 was:

Type of activity	1959 1/		1961	
	Total	Percent	Total	Percent
	number	of total	number	of total
Administrative	4,662	21.1	4,400	20.3
Manufacturing and processing	7,125	32.3	6,607	30.4
Wholesale distribution (including warehousing and transportation)	3,107	14.1	3,664	16.9
Retail distribution	5,130	23.2	4,473	20.6
Marketing farm products	2,051	9.3	735	3.4
Activity not given	-	-	1,824	8.4
Total	22,075	100.0	21,703	100.0

1/ See General Report 89, Handbook on Major Regional Cooperatives Handling Farm Production Supplies, 1958 and 1959, by J. Warren Mather, January 1961.

### Fiscal Year Endings

The number of regionals closing their fiscal years on the following specified dates in 1961 was:

Date	Number
March 31	1
June 30	6
August 31	4
September 30	1
November 30	1
December 31	8
Total	21



The dollar volume of supplies of the seven regionals closing their fiscal year during the first half of 1961 accounted for 44 percent of the total for all associations. The volume of the remaining 14 accounted for 56 percent of the total.

## Dollar Volume of Business

Seventeen of the 21 regionals distributed supplies at wholesale totaling \$965 million in fiscal 1961 compared with \$922 million in fiscal 1960. The other four regionals distributed their supplies primarily at retail, and their volume totaled \$161 million in 1960 and \$167 million in 1961.

Five of the 17 regionals also reported the volume of supplies handled by retail affiliates and branches--\$227 million in 1960 and \$261 million in 1961. When this volume was added to that of the four regionals distributing supplies direct to patrons, total retail volume was \$388 million in 1960 and \$405 million in 1961.

Combined volume of supplies distributed at wholesale and retail by the 21 regionals was \$1,313 million in 1960 and \$1,370 million in 1961.

Combined volume of farm products marketed by 11 regionals was \$262 million in 1960 and \$261 million in 1961.

## Type of Supplies Handled<sup>5</sup>

Table 1 and figure 2 show the relative importance of the various types of supplies handled by 21 regional cooperatives during fiscal years ended in 1960 and 1961. Total volume distributed in 1961 showed an increase of 5 percent over that distributed in 1960. Feed, petroleum products, and fertilizer made up 81.1 percent of the total volume in 1960 and 80.7 percent in 1961.

Feed predominated in the dollar volume of 10 associations, petroleum products in 8, fertilizer in 2, and groceries in 1. Feed accounted for \$404 million of the volume of the 21 associations; petroleum products, \$333 million; and fertilizer, \$176 million.

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<sup>5</sup>/ Eastern States Farmers' Exchange, Inc., Western Farmers' Association, Nulaid Farmers Association, and Poultrymens Cooperative Association distributed supplies direct to individual patrons primarily at retail.

Dollar volume of feed handled in 1961 showed an increase of 5 percent over that handled in 1960. Petroleum products increased 2 percent and fertilizer 8 percent. Insecticides and fungicides showed the largest increase, 16 percent, followed by steel products with 13 percent, and lumber, etc., with 12 percent. Tires, tubes, and auto accessories increased by 4 percent.

Table 1.--Supplies distributed by 21 major regional cooperatives handling farm supplies during fiscal years 1960 and 1961 1/

Commodity group	: 1960 :		: 1961 :		:Percent of increase or decrease
	:Percent:		:Percent:		
	: Amount	: of	: Amount	: of	
	: : total :	: : total :			
	\$1,000		\$1,000		
Feed	386,975	35.8	404,430	35.7	4.5
Petroleum products	328,549	30.4	333,429	29.5	1.5
Fertilizer	162,778	15.0	175,662	15.5	7.9
Seed	33,864	3.1	32,193	2.9	-4.9
Lumber, paint, hardware, and maintenance materials	37,833	3.5	42,171	3.7	11.5
Farm machinery and other farm equipment	24,890	2.3	25,332	2.2	1.8
Tires, tubes, and auto accessories	32,712	3.0	34,024	3.0	4.0
Steel products	15,339	1.4	17,351	1.5	13.1
Insecticides and fungicides	22,776	2.1	26,429	2.3	16.0
Electrical equipment and appliances	5,808	0.5	5,125	0.5	-11.8
Groceries	6,940	0.7	7,379	0.7	6.3
Twine	2,591	0.2	3,293	0.3	27.1
Coal	881	0.1	641	0.1	-27.2
Miscellaneous	20,639	1.9	24,181	2.1	17.2
Total	2/ 1,082,575	100.0	3/1,131,640	100.0	4.5

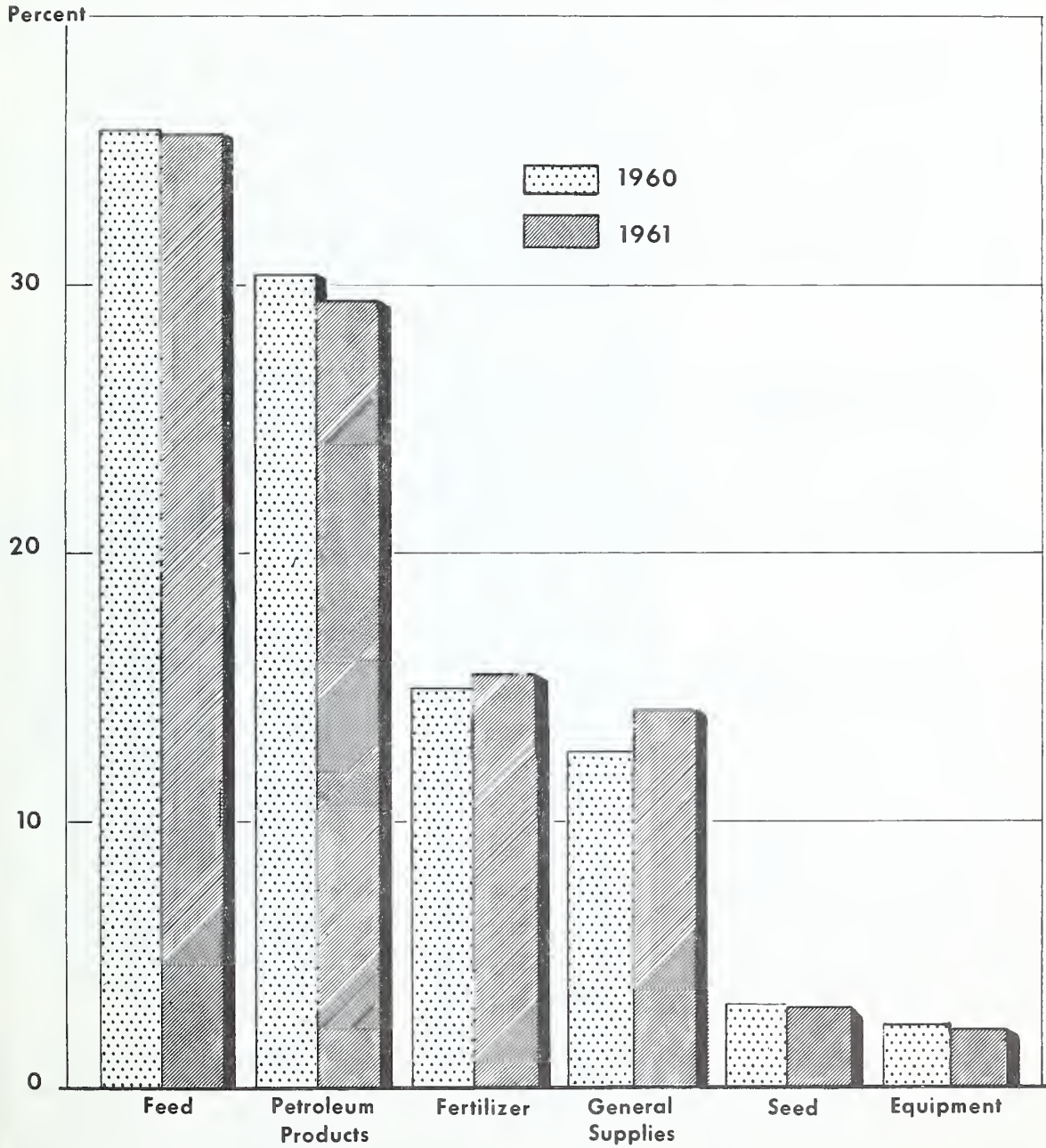
1/ Includes the value of supplies distributed at wholesale to local cooperatives by 17 regional cooperatives and direct to patrons (primarily at retail) by 4 associations.

2/ Includes \$310,326 of interdivision transactions not reported by commodity.

3/ Includes \$241,157 of interdivision transactions not reported by commodity.

Figure 2

## Farm Production Supplies Handled by 21 Regional Cooperatives, 1960-1961





## Amount and Distribution of Net Margins

Total net margins available to patrons of the 21 associations amounted to \$47 million for fiscal year 1960 and \$59 million for 1961, showing an increase of 25 percent.6/

Cash dividends on capital stock increased from \$8.1 million in 1960 to \$9.0 million in 1961--up 11 percent. Patronage refunds distributed in cash amounted to \$9.4 million in 1960 and \$11.4 million in 1961--an increase of 21.0 percent. Patronage refunds deferred and evidenced in the form of capital stock, certificates of indebtedness of equity, and other equity holdings increased from \$26 million in 1960 to \$35 million in 1961, or 36 percent. Most of these deferred amounts are revolving capital, discussed in the next section of this report. Amounts added to capital reserves (allocated reserves and unallocated surplus) decreased from \$4.0 million in 1960 to \$3.4 million in 1961, or 14.1 percent (table 2 and figure 3).

Total net margins available to patrons were 3.0 percent of total sales of farm supplies and farm products in 1960 and 3.6 percent in 1961. Such net margins were equivalent to 11.6 percent of their net worth in 1961.

The amount of revolving capital stock, revolving fund credits, and other equity holdings issued in prior years in payment of patronage refunds that were retired in cash in 1960 and 1961 are shown in the next section of this report.

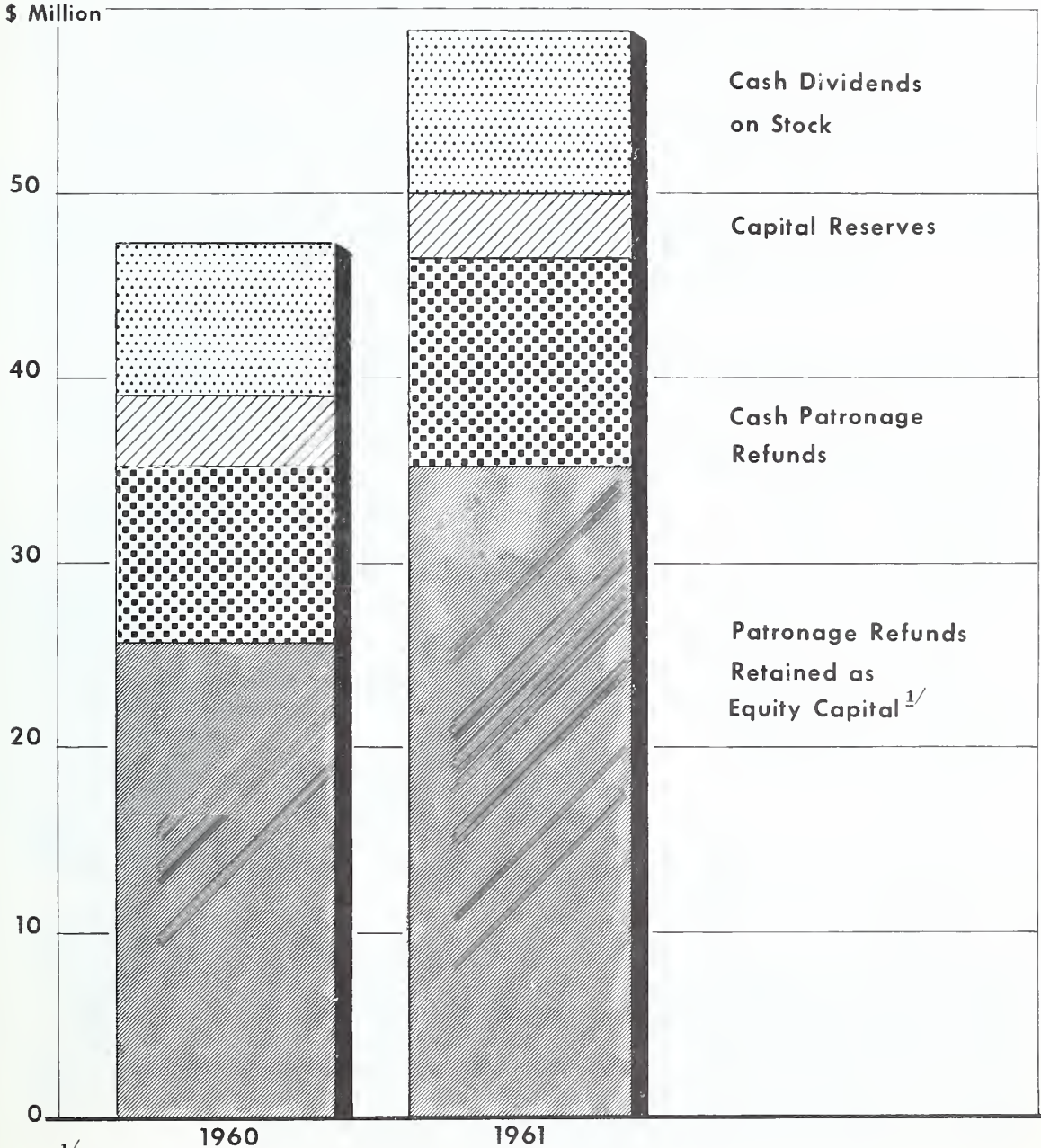
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6/ Net margins available to patrons represent margins after payment of, or provisions for, Federal income taxes. No attempt was made in preparing this report to obtain income or other tax information because these data would have little comparative significance. Any income taxes shown as paid or accrued by one cooperative cannot be used as a basis for estimating the amount of tax paid or accrued by other cooperatives. Many operate under a contractual obligation to distribute to their patrons all net margins above operating expenses and dividends on capital stock. The remainder have a contract with only their member-patrons to distribute net margins arising from member business. Under established legal principles, both types of contracts permit the cooperative to exclude from gross income net margins allocated on a patronage basis in cash or in various forms of patrons' equities.

This right of exclusion applies equally to farmer cooperatives qualifying for exemption under the Internal Revenue Code and also to those that are nonexempt. Qualifying "exempt" associations are permitted to deduct dividends on stock and certain extraneous income in determining their Federal income tax position. Both groups of organizations are subject to essentially all other taxes paid by business enterprises.

Figure 3

## Distribution of Net Margins Available to Patrons of 21 Regionals for Fiscal 1960 and 1961



<sup>1/</sup> - A total of \$9.7 million deferred in prior years was retired in cash in 1960 and \$15.5 million was retired in 1961.



## Revolving of Capital

Under revolving capital programs, 12 associations in both 1960 and 1961 reported cash retirements of capital stock or other equities originally issued in payment of patronage refunds for previous years. Such cash retirements totaled \$9.7 million in 1960 and \$15.5 million in 1961. One other association made annual adjustments of its revolving fund so that each member local would hold capital stock in proportion to its patronage with the regional.

Table 2.--Distribution of net margins available to patrons of 21 major regional cooperatives handling farm supplies for fiscal years 1960 and 1961 1/

Type of distribution	1960 <u>2/</u>	1961	Percent of increase or decrease
Cash dividends on capital stock and other equities	\$8,146,215	\$9,017,180	10.7
Patronage refunds:			
In cash	9,419,769	11,402,693	21.0
In capital stock and other forms of equity capital (excluding allocated reserves) <u>3/</u>	25,816,034	35,159,270	36.2
Additions to capital reserves (allocated and unallocated)	<u>3,985,457</u>	<u>3,422,300</u>	<u>-14.1</u>
Total	47,367,475	59,001,443	24.6

1/ Represents net margins available to patrons after any payments of, or provisions for, Federal income taxes.

2/ Revised.

3/ Evidenced by capital stock, certificates of equity or indebtedness, revolving fund credits, member equities, and other equity holdings. Cash payments applicable to patronage refunds deferred in previous years under revolving capital programs totaled \$9.7 million in 1960 and \$15.5 million in 1961. Thus net balances equivalent to \$16.1 million of the deferred refunds from 1960 operations and to \$19.7 million from 1961 operations were retained in the associations.

A total of 17 associations used the revolving capital plan of financing. Information from 16 associations for fiscal year 1960 showed that 3 were revolving their capital within a 5-year period, 7 within a 6-year to 10-year period, inclusive, and 6 within a 10 1/2 to 15 1/2-year period.

## Total Cash Payments of Net Margins and Revolving Capital

When cash retirements of revolving capital were added to cash dividends on stock and to cash patronage refunds on the current fiscal year's operations, total cash payments to patrons amounted to \$27.2 million in 1960 and \$35.9 million in 1961 (table 3 and figure 4). These amounts were equivalent to approximately 56 percent and 61 percent, respectively, of the total net margins available to patrons for the 2 years.

Table 3.--Total cash payments of net margins and revolving capital to members by 21 major regional cooperatives handling farm supplies in fiscal years 1960 and 1961

Type of cash distribution	1960		1961	
	Amount	: Number : : report- : : ing :	Amount	: Number : : report- : : ing :
On current year's operation:				
Cash dividends on stock and interest				
on other equities	\$8,146,215	16	\$9,017,180	16
Cash patronage refunds	9,419,769	12	11,402,693	12
On earlier years' operations:				
Cash payment of de- ferred refunds, capital stock, and other equities re- tired under revolv- ing capital programs	<u>9,678,458</u>	16	<u>15,498,370</u>	16
Total	27,244,442		35,918,243	

## Total Net Margins Since Organizing

Total net margins available to patrons from the dates they organized through 1961 were reported by 13 regional cooperatives doing 65 percent of the total volume of business of the 21 regionals covered here. The amount and distribution of these net margins follows:

Distribution	: Amount
Cash dividends on capital stock and interest on other equities	\$65,221,430
Patronage refunds:	
In cash on current year's operations	170,754,706
In capital stock and other forms of equity capital (excluding allocated reserves)	187,270,053
Additions to capital reserves (allocated and unallocated)	<u>83,195,211</u>
Total	506,441,400

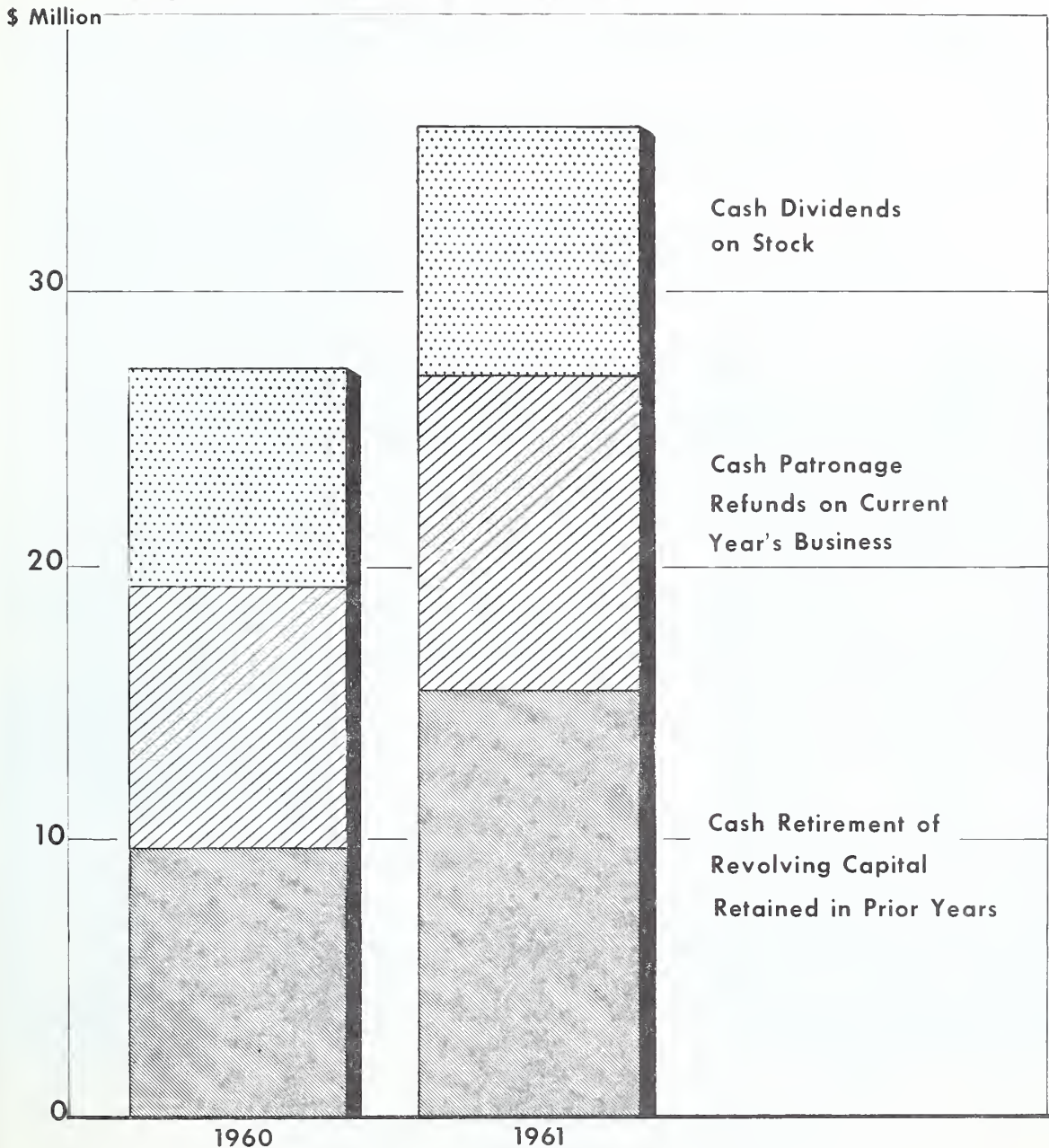
Substantial amounts of the patronage refunds of these regionals that were initially paid in the form of capital stock or otherwise deferred for capital purposes have been repaid in cash to members under revolving capital plans. For example, 16 of the 21 regionals in this handbook during the last 10 years repaid \$103.0 million of revolving capital in cash. During this same period they added \$213 million of new revolving capital derived from current patronage refunds. Only a relatively small amount of this, however, was due at the end of 1961 under the associations' present revolving programs.

## Financial Condition

The financial condition of the 21 farm supply cooperatives at the close of fiscal years 1960 and 1961 is shown in table 4 and figure 5. Current assets increased about \$33 million, or 6 percent. Net value of fixed assets increased \$8 million, or 3 percent. Other assets increased \$9.8 million, or 10 percent. The latter consisted mainly of investments in federations of regional associations that owned wholesaling and manufacturing facilities.

Figure 4

# Cash Payments of Net Margins and Revolving Capital by 21 Regionals in 1960 and 1961<sup>1/</sup>



<sup>1/</sup> - Total cash was equivalent to 58% of net margins in 1960 and to 61% of net margins in 1961.



Current liabilities increased 10 percent and other liabilities decreased 4 percent in 1961. The associations had \$2.67 of current assets for every dollar of current liabilities in 1961, compared with \$2.77 in 1960.

Members' equities increased 6.2 percent from 1960 to 1961. They represented 67.0 percent of total assets in 1960 and 67.6 percent in 1961.

Table 4.--Consolidated financial statement of 21 major regional farm supply cooperatives at the close of fiscal years 1960 and 1961

Item	: 1960 :		: 1961 :		Percent of increase or decrease
	: Percent :		: Percent :		
	: Amount	: of	: Amount	: of	
	: total	:	: total	:	
<b>Assets:</b>					
Current assets	\$341,788,045	47.7	\$360,805,495	47.9	5.6
Fixed assets (net)	277,331,189	38.7	285,646,319	37.9	3.0
Other assets	<u>97,071,629</u>	<u>13.6</u>	<u>106,883,560</u>	<u>14.2</u>	<u>10.1</u>
Total	716,190,863	100.0	753,335,374	100.0	5.2
<b>Liabilities and members' equities:</b>					
Current liabilities	123,171,305	17.2	135,042,061	17.9	9.6
Other liabilities	113,040,092	15.8	108,729,200	14.4	-3.8
Members' equities	<u>479,979,466</u>	<u>67.0</u>	<u>509,564,113</u>	<u>67.7</u>	<u>6.2</u>
Total	716,190,863	100.0	753,335,374	100.0	5.2

### Net Worth or Member Equities

The regional cooperatives reported their net worth or member equities under more than 30 names or items. These were grouped into 11 types in table 5. Complete information was not obtained as to which were allocated and unallocated to patrons and which were in a revolving capital status.



Figure 5

# Assets and Liabilities of 21 Major Regional Cooperatives, Fiscal Years 1960 and 1961

## Assets

## Liabilities

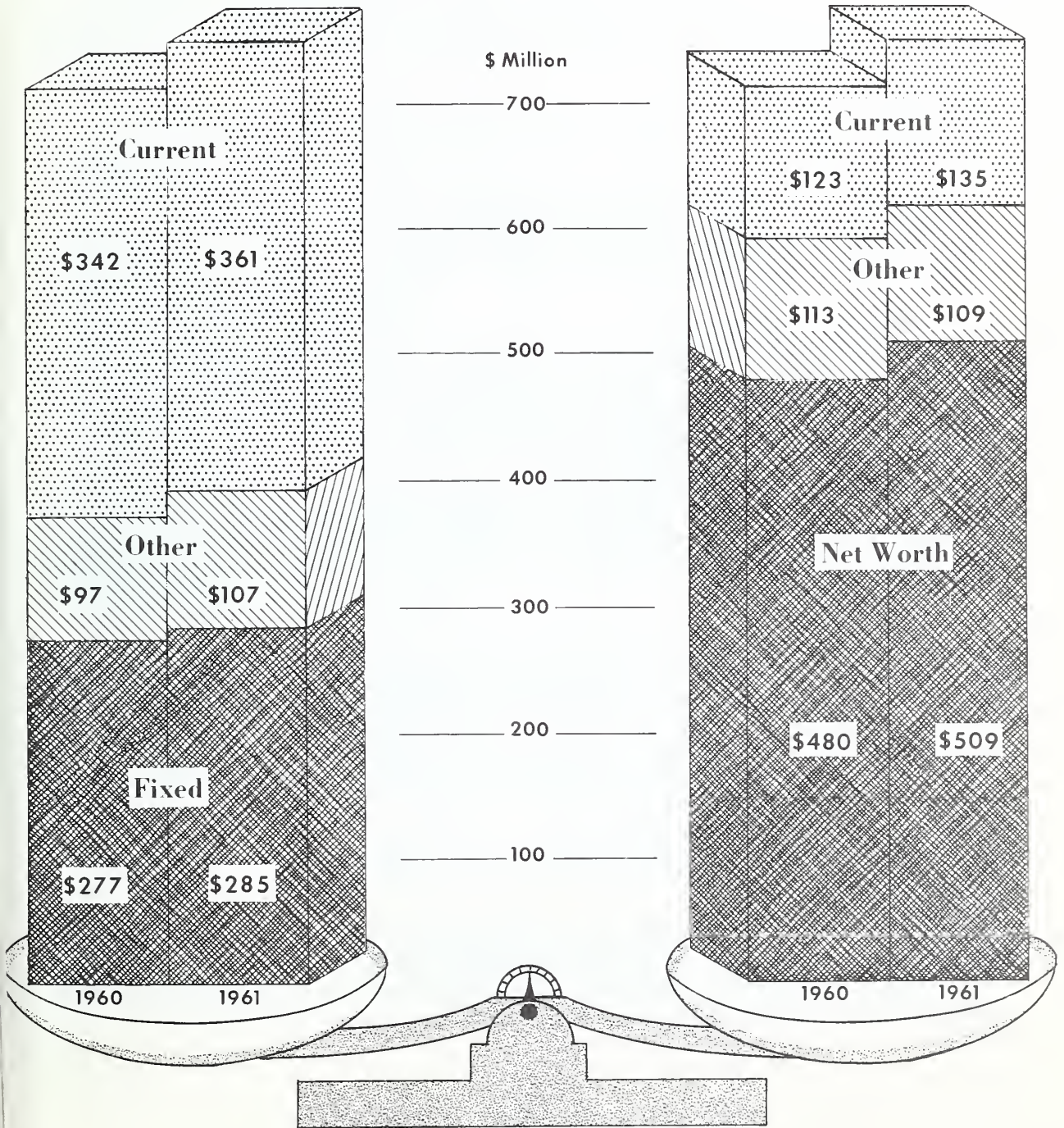


Table 5.--Net worth or member equity items of 21 regional associations at the close of their 1961 fiscal year

Items	: Number : :reporting: :each item:	Amount
Membership fees	2	\$112,290
Capital stock and credits <u>1/</u>		
Common	15	104,588,371
Preferred	14	164,791,348
Part paid (stock credits)	5	687,765
Preferred and common--affiliates and minority interests of other cooperatives	1	18,094,955
Patronage refunds payable in stock	<u>3</u>	<u>2,587,771</u>
Total capital stock	18	290,862,500
Deferred refunds and other revolving fund equities, book credits, and certificates <u>2/</u>	8	48,184,456
Member-patron equity reserves--allocated <u>3/</u>	15	77,228,909
General reserves or surplus (mostly unallocated; some allocated) <u>4/</u>	11	67,871,663
Net margins and refunds for current year--undistributed	7	17,291,385
Debenture bonds <u>5/</u>	<u>3</u>	<u>8,150,670</u>
Total <u>6/</u>	21	509,589,583

1/ Some of the capital stock is in a revolving capital status.

2/ Includes finance funds, capital fund certificates, certificates of equity or ownership, capital reserve certificates, and capital book equities.

3/ Includes allocated capital reserves, patronage credits, appropriated reserves, special permanent reserves, general reserves, contingency reserves, and allocated surplus.

4/ Includes retained margins, most of which are unallocated; reserves for operating capital and revaluation of facilities; and special permanent reserves.

5/ Includes subordinated debenture bonds and debentures. Most associations listed these under fixed or deferred liabilities.

6/ Three associations require membership fees; 15, common stock; 1, preferred stock; and 2, patronage only as a membership requirement.

## Amount and Type of Fixed Assets

The cost and depreciated values of fixed assets used for various purposes in 1961 by the 21 regional cooperatives are indicated in table 6.

Table 6.--Classification of fixed assets of the 21 regional associations at end of their 1961 fiscal year

Use of assets	: Number of : : associations:	Cost value	: Depreciated : value
Land <u>1/</u>	13	\$6,222,687	\$6,173,411
Wholesaling-manufacturing of farm supplies	16	277,733,654	165,421,391
Retailing of farm supplies	4	54,019,567	30,555,654
Marketing of farm products	5	12,709,097	8,137,683
Unclassified	<u>3</u>	<u>48,131,301</u>	<u>26,521,988</u>
Total	19	398,816,306	<u>2/236,810,127</u>

1/ Includes site improvements and right-of-way.

2/ Does not check with total shown on combined balance sheet because some associations itemized only their principal fixed assets. Two associations did not list facilities.

## Summary of Three Major Regional Marketing Cooperatives

This section summarizes the volume and net margins for the farm production supply operations of three major regional marketing associations.

### Dollar Volume of Supplies

Total dollar volume of farm supplies distributed by the three regional marketing associations amounted to \$65,238,370 in 1960 and \$73,923,283 in 1961--an increase of 13 percent in 1961 (table 7).



Table 7.--Supplies distributed by three major regional marketing cooperatives during fiscal years ending in 1960 and 1961

Commodity group	1960		1961	
	Total	Percent of total	Total	Percent of total
Feed	\$37,528,552	57.5	\$41,919,476	56.7
Fertilizer	10,401,923	15.9	11,833,241	16.0
Seed	2,719,567	4.2	2,853,625	3.9
Other farm supplies	<u>14,588,328</u>	<u>22.4</u>	<u>17,316,936</u>	<u>23.4</u>
Total	65,238,370	100.0	73,923,278	100.0

Feed was the principal supply item handled. It represented 58 percent of the total dollar volume of all supplies distributed in 1960 and 57 percent in 1961. The total feed volume was about \$38 million in 1960 and \$42 million in 1961, an increase of 12 percent.

Fertilizer represented 15.9 percent of total supply volume in 1960 and 16 percent in 1961. Seed represented 4.2 percent of total dollar volume of supplies in 1960, and 3.9 percent in 1961. Dollar volume of all other supplies represented 22.4 percent of total supplies distributed in 1960 and 23.4 percent in 1961.

### Net Margins on Supplies

Net margins from the supply operations of the three regionals totaled \$4,883,212 in 1960 and \$5,296,367 in 1961.





## Other FCS Publications Available

Credit Control in Selected Retail Farm Supply Cooperatives, Area VI, New York, New Jersey, Virginia, West Virginia, North Carolina, and Georgia. General Report 71, John M. Bailey.

Inventory Management by Selected Retail Farm Supply Co-ops, Area VI, New York, New Jersey, Virginia, West Virginia, North Carolina, and Georgia. General Report 70, John M. Bailey.

Methods of Financing Farmer Cooperatives. General Report 32, H. H. Hulbert, Nelda Griffin, and K. B. Gardner.

Management Training Among Farmer Cooperatives. General Report 65, David Volkin and Nelda Griffin.

Employee Incentive Plans in Farmer Cooperatives, 1957. General Report 62, Nelda Griffin.

Statistics of Farmer Cooperatives, 1959-1960. General Report 103, Anne L. Gessner.

Mobile Feed Milling by Cooperatives in the Northeast. General Report 99, T. R. Eichers and A. J. Hangas.

Integrated Feed Operations Through Farmer Cooperatives, 1959. General Report 100, Anne L. Gessner.

Lawn and Garden Services in Eastern Farmer Co-ops. General Report 107, John M. Bailey.

A copy of each of these publications may be obtained while a supply is available from --

Information Division  
Farmer Cooperative Service  
U. S. Department of Agriculture  
Washington 25, D. C.